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ROYAL COMMISSION
ON
GREAT SLAVE LAKE RAILWAY

HEARINGS

HELD AT
EDMONTON, ALBERTA

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ROYAL COMMISSION ON
THE GREAT SLAVE LAKE RAILWAY

Hearings of the Royal Commission
on the Great Slave Lake Railway
held at the Court House, Edmonton,
Alberta, at 10.00 a.m., Thursday,
October 8th, 1959.

PRESENT:

| | |
|---------------------------|----------|
| MR. M. E. MANNING | Chairman |
| MR. WALTER D. GAINER | Member |
| MR. JOHN ANDERSON-THOMSON | Member |

| | |
|-----------------------|-----------|
| MR. FRANCIS M. FEEHAN | Counsel |
| MR. A. PATERSON | Secretary |



MR. FOUKS: Unlike my normal procedure of applying for something, I would like to submit, Mr. Chairman, these maps. These are the maps of Buffalo Park of which Mr. Roethel indicated that we would have copies made, and of Mr. Thorp's thesis, submitted as an exhibit as per your request, Mr. Chairman.

THE CHAIRMAN: Thank you very much.

MR. GORDON: In accordance with your request, sir, I have made a table of the class 45 rate. I extended it for the complete distance of the scale of 3,300 miles, converted it to show the increments and converted to the ton mile rate.

THE CHAIRMAN: Perhaps you wouldn't mind looking at it, Mr. Guest, and telling us if you agree with it, after you have had a chance of looking at it.

Mr. Gordon, you have the ton mile earnings shown there. Is that the average. Let's take the case of the thousand miles.

MR. GORDON: The ton mile average is based on converting the rate of 2.41 per hundred to tons and dividing by 1,000 miles.

THE CHAIRMAN: Does that 4.82 represent the earnings over the whole miles?

MR. GORDON: Yes.

COMMISSIONER GAINER: The average per mile for the 1,000 miles range?

MR. GORDON: Yes, and the difference between that and the previous one is your ton mile increment -



increase, rather. This is at the Board's equalized class rate scale, which is the only scale in effect today. The old standard rate scale was abolished at the time they brought out the equalized scale.

COMMISSIONER GAINER: Wouldn't calculations be made for Edmonton to Waterways?

MR. GORDON: Not necessarily. There may be some slight differences, for the simple reason that the rates go up by mileage blocks and not the individual mile. Your rate for 1,400 miles and your rate for 1376 miles would be the same, and in your actual calculation the ton mile earnings would be higher for the 1376. It varies in the scale; it starts as a 10-mile break and then it goes for a considerable distance, I believe, up to pretty close to 2,000 miles.

COMMISSIONER GAINER: In the case of Edmonton, in which we calculated 300 miles - -

MR. GORDON: Edmonton to Waterways is 305 miles.

COMMISSIONER GAINER: And that should work out probably to 6.8, according to this table.

MR. GORDON: At 305 miles, Edmonton to Waterways would be approximately \$1.02 plus one quarter of the increment of 5 cents, which would give you about a \$1.07, which is the rate we got. But that rate would also apply for 325 miles as well as the 305 miles.

COMMISSIONER GAINER: This checks with your



calculation of 6.8 a ton mile revenue.

MR. GORDON: Yes.

COMMISSIONER GAINER: Didn't we get 21.40 yesterday on the rate instead of 20.40? We doubled the 10.70; \$1.07 I think we used.

MR. GUEST: The mileage block begins at 301, 325. It puts 305 into the higher increment than 300, a higher rate than 300.

COMMISSIONER GAINER: The usefulness of this, I suppose, might be this, would it, that if the extrapolation of these rates goes ahead, according to the Board, on the same basis that you could figure the extra mileage to Peace Point, would you say this was reasonable?

MR. GORDON: I would say that if the railway was extended to Peace Point it would be another - we estimate 220 miles; of course, that is on the diagramatic scale. But assuming that that 220 miles is correct, you would then have a total mileage from Peace Point to Edmonton of 525 miles, and your rate for 500 miles, which is a \$1.62, plus one quarter of the - -

COMMISSIONER GAINER: Is it a \$1.62 or a \$1.42?

MR. GORDON: A \$1.42; pardon me - plus one quarter of the increment. That gives you a class 45 rate of about a \$1.47 from Edmonton to Peace Point.

COMMISSIONER GAINER: And a ton mile earning



of, say, about 5.6; something like that.

MR. GORDON: Yes. Well, 500 miles - yes, somewhere in that neighbourhood.

MR. THOMSON: Might I ask a question here, Mr. Gordon? If these railroad rates are as simple to work out as that, how come the railroad didn't give us a rate? Is this the rate that you would expect the railroad would charge? How is it they didn't give us a rate - or should I ask that question?

MR. GORDON: Unfortunately, it is not quite so simple, sir. I had hoped to also scale out several commodity mile rates if time had permitted, but it takes some considerable time to do it. Sometimes you have to add two increases to them and then figure your increment. But on your commodity rate you have the amount of the increment per block and your blocks are also not standard on all scales, they vary. To take your class rate scale and to say that that is an accurate indication of what the railway would expect or any traffic man would expect would be in error, because only a relatively small proportion of your traffic moves on class rate scale.

COMMISSIONER GAINER: Let's get this straight, Mr. Gordon. Could we assume that the mines supplies would move - -

MR. GORDON: Mines supplies would move under a class rate scale, 45. Your ores and concentrates would move under a completely different scale and



with a different rate of taper.

COMMISSIONER GAINER: Would it be a great chore to work out the commodity scale for, let's say, sulphur and petroleum products?

MR. GORDON: I don't know that there is a commodity rate for sulphur.

COMMISSIONER GAINER: It doesn't move under a commodity rate?

MR. GORDON: It moves under rates, but they are generally on a point to point basis.

COMMISSIONER GAINER: It would be for interior points, by and large, wouldn't it?

MR. GORDON: Not necessarily. Sulphur is a restricted movement and it goes to destinations and not to general destinations, and in a case like that they do not usually publish a mileage scale because it would not be of any particular value.

COMMISSIONER GAINER: What about petroleum products?

MR. GORDON: No, there is no mileage scale for petroleum products either, although it could be calculated on petroleum products because there are many of them, and by taking, say, the main line of either railway and starting at Edmonton, which is one of your main supply points, and working out what the rate could be, we could do that. We couldn't do that on the sulphur because there are not sufficient sulphur rates quoted to do that type of a job on it.



We could not do that on sulphur because there are not sufficient sulphur rates quoted to do that type of job on it. Sulphur ordinarily, unless it was moving under a specific commodity rate on just a casual movement, would move under the class rate. Class 45 is your highest carload class and actually that is a full carload. Classes 70 and 85 also carry a very small number of carloads but they are generally considered less than carload class.

COMMISSIONER GAINER: We can be certain that at least mine supplies and the general freight moving, for instance, along this route would move under this class rate on this line.

MR. GORDON: Generally speaking that is right.

COMMISSIONER GAINER: In the event that competitive rates, and so on, are not introduced by the railroad?

MR. GORDON: Yes.

COMMISSIONER GAINER: There is one question comes to mind here. If it were found that the revenue prospects seemed to be higher than those in certain classifications per ton-mile how could one account for how much would move under a classification that would yield higher earnings or what types of products could move under classifications yielding higher revenue?

MR. GORDON: All your lessened carload traffic would yield higher than this.

COMMISSIONER GAINER: But that would be all?

MR. GORDON: Of course, it is hard to say.



It depends entirely upon the length of movement. Comparing actual length of movement for the same distance this should be a maximum because your class rate scale is your maximum rate and should not be exceeded.

COMMISSIONER GAINER: These figures would actually be considerably lower for any freight that moves from further away than Edmonton; where the mileage is greater than the 525 the ton-mile will be accordingly lower?

MR. GORDON: We will take Toronto to Edmonton and from Edmonton to Waterways, Waterways to Peace Point. We have 525 miles from Edmonton to Peace Point plus 2,001 from Toronto to Edmonton, which would give us 2,026 miles -- 2,526 ---

MR. GUEST: 2,625.

COMMISSIONER GAINER: In any event we would be down to 4.2?

MR. GORDON: Something like that. With a mileage of the same material from Toronto, a carload of canned goods, say, anything that moves under class 45.

COMMISSIONER GAINER: So in that event these goods move from a greater distance than Edmonton and the average would be lower?

MR. GORDON: Yes.

COMMISSIONER GAINER: Any higher rate would essentially be -- they are not likely to be competitive rates and they would have to be l.c.l.



MR. GORDON: I would not say definitely because occasionally -- well, not even occasionally, but there are a number of instances where the railways do publish a commodity rate which would be higher than this rate on the same class of goods but they reduce the minimum rate so they get an overall load charge per car. For instance, normally, take the ordinary merchandise of the 24,000 minimum weight, class 45, and we will say at 1,000 miles, their rate would be \$2.41. The railways could conceivably publish a rate of something higher than \$2.41 with an 18,000 minimum charge on it.

COMMISSIONER GAINER: For certain commodities?

MR. GORDON: Yes, they do that occasionally.

COMMISSIONER GAINER: Are there examples that might be applicable in the context we are dealing with? Would steel ---

MR. GORDON: No, steel generally moves to us on a commodity rate. The characteristic of steel is such that they can and do load heavy.

COMMISSIONER GAINER: You cannot think of anything that is likely to yield a higher revenue than that suggested here in class 45 from Edmonton to Waterways other than l.c.l. freight?

MR. GORDON: I am just trying to think. We have in an asphalt scale -- asphalt normally is 36,000 pounds under the class rate but very, very rarely moves on that class rate basis. They have a commodity item published which quotes a 20,000-



pound minimum on asphalt in drums in boxcars and occasionally, although it is not true of the whole scale, it is something that has to be watched very carefully when you are checking them -- those rates are higher, your 5th class rate for certain distances -- but they are reasonably close.

COMMISSIONER GAINER: This would run up expenses?

MR. GORDON: Yes, but you very rarely find it.

COMMISSIONER GAINER: This is useful for our own information and calculations later.

MR. GORDON: Normally speaking you could say that your class 45 would be for general freight, your maximum rate on that type of traffic, and you would not be very far out because exceptions are rare and we think it could not stand on that. It is a lower rate because in this truck competition area something like that goes into effect where the minimum rate is usually 22,000 pounds for a truckload. Occasionally the railways have published a rate to meet that competition based on the truckload minimum, but they are strictly competitive rates.

COMMISSIONER GAINER: What we might be interested in later on is if in the railroad calculations it turns out that a 7-cent per ton-mile figure comes out in the calculation it is likely to be due to movement of l.c.l. freight? It could not be due to the inclusions of a type of freight that would move at rates higher?



MR. GORDON: No, it would be primarily due to l.c.l. movements and there is a fairly heavy movement of l.c.l. products by that line, if my memory serves me correctly. Unless it was changed in the last few years -- I have not been too close to it in the last few years.

THE CHAIRMAN: It looks to me as though the rate running from 300 to 500 miles is 4 cents a ton-mile. Does that seem right to you? Put it this way, for the first 300 miles it travels for \$1.02?

MR. GORDON: Yes.

THE CHAIRMAN: And for the next 200 miles there is an increase of 40 cents?

MR. GORDON: Yes.

THE CHAIRMAN: Which is \$8 a ton for 200 miles?

MR. GORDON: Yes.

THE CHAIRMAN: Four cents a ton-mile, is it not?

MR. GORDON: That is what the increment would be.

THE CHAIRMAN: That is the increment for this class of freight on this scale?

MR. GORDON: Yes.

THE CHAIRMAN: Mr. Gordon, would you mind telling us again? You have gone into this a bit, but I would appreciate it if you would deal again with the question of the increment. Now, why does a railroad,



or is there any one reason why a railroad will carry goods for a distance of 300 miles to 500 miles for a lower figure than they do for the first 300 miles?

MR. GORDON: Well, for the simple reason, as is true in all transportation, whether rail, water, truck or air -- what I refer to as terminal charges. These are pretty substantial amounts in actual dollars and cents. On a movement you have a charge at the beginning of the movement for the loading, switching if it is a carload, the accounting, billing and all that type of thing. When the car gets to the other end of the movement you have the same thing practically in reverse. You have the charge at both ends which is not related to the actual line haul charge.

THE CHAIRMAN: What do terminal charges consist of?

MR. GORDON: Well, it depends upon the type of traffic you are handling. If they are all l.c.l. traffic, for instance, traffic has to be taken first, delivered to a freight shed, there it has to be checked and the shipment has to be extended and the billing and all the accounting for that, the billing of the customer with charges if it is prepaid and preparing documents on which that shipment moves. Also the car has to be switched from the shed to the marshalling yard to be marshalled on the train. Those are all charges that are incurred before the shipment actually starts on its line haul movement, and they



are pretty substantial costs. I have not any actual figures on that, but a good many years ago when I was working in the railway freight office and was taking a course in transportation, for my own information I took a minimum shipment, that is l.c.l. shipment, less than 100 pounds, and I followed that shipment from the time it entered our shed to the time it took off -- all the work that was done, both manual and clerical, in connection with that before it left the office. At the time the minimum charge on a shipment of that nature for a short distance -- the minimum charge was 50 cents and that carried it so far. At that time our actual terminal costs within the local freight department of the railway in Edmonton exceeded the revenue they got from that shipment. Now, of course, on a carload where your revenue is maybe \$2,000 or \$3,000 those costs are not so significant, but on l.c.l. they are a very significant part of the traffic.

THE CHAIRMAN: For l.c.l. traffic you say the charges are for taking into the freight shed, storing in the car, billing, accounting and switching the car to the train?

MR. GORDON: Yes.

THE CHAIRMAN: Now, are there others with regard to the l.c.l.?

MR. GORDON: There are other charges which are not common to either shipment but would have to be averaged over, such as servicing of claims and



collection of charges and delayed accounts -- all those things would have to be averaged over. They are like an overhead charge that has to be averaged out.

THE CHAIRMAN: Then for carload lots?

MR. GORDON: For carload lots primarily your terminal charges are switching the empty car to the siding where it has to be loaded whether it is a team track or private siding, then taking that car back again and doing the billing and accounting, the same as for l.c.l.

THE CHAIRMAN: What about loading?

MR. GORDON: Generally speaking, on carload traffic it is the shipper's responsibility to load and the consignee's responsibility to unload.

THE CHAIRMAN: So for carload lots the railway does not pay out anything for loading and unloading?

MR. GORDON: Not generally speaking, no.

THE CHAIRMAN: Now, is that the reason for the increment decreasing the way it does?

MR. GORDON: Well, that is one of the main reasons for it.

THE CHAIRMAN: I would think if that was so then the increment would be the same for each 100 miles, for the first 100 miles?

MR. GORDON: No, not necessarily so.

THE CHAIRMAN: You add the ---

MR. GORDON: , You divide those terminal charges according to the number of miles that you have. If you have a shipment of say 100 miles and



terminal charges on each end then you have to take those terminal charges and divide them for that 100 miles, but if you get 200 they are only half as much, and when you get further along on a mileage basis they decrease.

THE CHAIRMAN: An absolute increment is what I was referring to, and it is pretty much the same. It starts at 22 -- 19?

MR. GORDON: You will find a few variations in this and possibly I should explain that. You will notice a further fifth block from the 400-mile block down to the 1800-mile block. Every 5th block is one cent lower. That was not true when this scale was originally compiled but owing to the increase on a percentage basis and the fractional numbers they drop or increase; that is, under five points they drop it and over five percentage points they increase it.

Now, when they drew up this scale this was all averaged on two or three previous scales primarily, the eastern class rate scale which was known as the Town Tariff scale; the western scale which was known as the Distributing scale -- that is the prairies -- and then the scale out of the ports. At the point of 2,000 miles there was a considerable difference on the rate of taper of the various scales and I think that is the reason that between 2,000 miles and 2,600 miles you will see there is no regular rate of progression. They go from 2,000 to 2,600



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and you have a 16-cent increment. The next block is
19 cents and that was done by averaging the scales
to get an average. -

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-



At least, that would be my interpretation of it, because I wasn't, of course, in on the drawing up of the scale. Mr. Leonard Knowles on the Transport Board, I believe, computed this scale. But I would assume that that is the reason for those differences. But it is a computed scale and is not mathematically correct.

THE CHAIRMAN: Mr. Bishop, there were some further things that you thought you would be able to let us know this morning that you were looking at overnight. Have you been able to get them?

MR. BISHOP: Mr. Chairman, Mr. Grimble tells me they are still working on that. Those were the costs of the Athabasca, created by the low water.

THE CHAIRMAN: Yes.

MR. GRIMBLE: We had the figures, the curves completed last night by working late, and with those in front of us we can then proportion how much of the average season is critical and then, with making assumptions, we can work out a cost.

THE CHAIRMAN: But you will give us the periods during the past few years when the water has been low and, consequently, when it is difficult to haul. We can see fairly readily what proportion of the time that is.

You will also show us what freight was hauled during that period.

MR. GRIMBLE: Yes. We can show it each



month.

THE CHAIRMAN: During that quarter of the year you may have to carry half of the freight.

MR. GRIMBLE: Yes. For the last five years we can do this.

THE CHAIRMAN: When the water is low there may be only a small portion carried.

MR. GRIMBLE: We can get some correlation.

THE CHAIRMAN: Perhaps we should have this statement of Mr. Gordon's marked as an exhibit.

You have no disagreement with these figures, Mr. Guest?

MR. GUEST: No, none at all.

--- EXHIBIT NO. 52 (r) Table of class 45 rate.

THE CHAIRMAN: Are you ready to go on, Mr. Bishop, with your brief?

MR. BISHOP: Mr. Chairman, we had got as far as page 32, but on page 29 we refer to air transport, and I think Mr. Grimble has a little bit to add to that.

MR. GRIMBLE: This may be mainly a matter of interest to you. You asked yesterday for the air freight rates by P.W.A. from McMurray to Uranium City and from Edmonton to Uranium City, and I have some figures with regard to that. The figures of the Eldorado Aircraft Division, from Edmonton to Uranium City and Port Radium - in 1958 they moved



7,500 tons at a cost of 23 cents a ton mile; in 1957, 7,800 tons at a cost of 18 cents a ton mile; in 1956 they moved 8,000 tons at a cost of 16 cents a ton mile. They had a C.46 on that year which moved freight for 14 cents a ton mile. This aircraft, this C.46 had been fully depreciated in this time, so there was no depreciation involved in that cost. In 1955 there were 5,000 tons at a cost of 18 cents a ton mile.

I don't suppose you want to go further back than that. They are similar further back.

COMMISSIONER GAINER: What were they using earlier?

MR. GRIMBLE: In 1956 they had a D.C.3 and a C.46. In the last two years they lost one of these aircraft due to an accident and they replaced it with a D.C.4.

COMMISSIONER GAINER: They are now using a D.C.4 and a C.46?

MR. GRIMBLE: Yes.

MR. BALDWIN: I wonder what sort of traffic that would be, if Mr. Grimble has that information.

MR. GRIMBLE: In 1956 they moved a car load of cement and 3,000 tons of caustic soda. This was a shuttle service from McMurray. A large part of their movements, of course, is personnel back and forth and perishables, and they also bring out quite a tonnage of concentrates; they bring out 60 tons a month for Gunnar. Gunnar has a flying service,



too, a D.C.3. The significance of this total in turns of the eastern route is the fact that the airport at Fort Smith is an excellent airport with two long runways. The relationship between this location - you can see it better on the map - it curves over with in a short distance of the airport itself, and it is approximately 120 miles from Uranium City.

COMMISSIONER GAINER: Are the costs you have given us for Eldorado flying operation including the Bear Lake operation or not?

MR. GRIMBLE: They would include the Port Radium operation.

COMMISSIONER GAINER: That is their total operation.

MR. GRIMBLE: This is the total Eldorado Aircraft Division operation.

THE CHAIRMAN: How far is it from McMurray to Uranium City in air miles?

MR. GRIMBLE: 28 inches times whatever this map scale is. It is 28 times 8.

THE CHAIRMAN: 224 miles?

MR. GRIMBLE: Yes, sir.

MR. FOUKS: What was the cost of the winter road per ton mile that you gave us the other day?

MR. GRIMBLE: 20 cents a ton mile.

MR. FOUKS: Higher than the air cost?

MR. GRIMBLE: Higher than the air cost.

These air costs are a high load factor, almost an



ideal condition.

THE CHAIRMAN: What about the profit?

MR. GRIMBLE: These are rock-bottom costs, with no profit, with a high load factor and a monopoly on freight, which perhaps would go better by other means if other means were available. This car load of cement had to go in in the Spring, there was no winter road and no other means of access. This increased their load factor and their utilization. If they can fly 300 miles a month instead of 150 with the same aircraft, their costs go down. With a summer road to Uranium City their load factor would go down and their costs would go up.

MR. FOUKS: Wouldn't it be more expensive by the winter road at 20 cents a mile than flying at 16 cents?

MR. GRIMBLE: This is a captive market, a captive proposition. Eldorado are flying their own materials.

MR. FOUKS: Even with a captive situation, wouldn't they fly it the cheapest route?

MR. GRIMBLE: Of course, Eldorado would like to fly everything in and abandon the boat.

THE CHAIRMAN: What was the cost from McMurray?

MR. GRIMBLE: 6 cents per ton to Uranium City.

THE CHAIRMAN: Per ton?



MR. GRIMBLE: \$6.00 a hundred weight.

THE CHAIRMAN: You said 224 miles.

MR. GRIMBLE: Yes. That is 6 times 20 divided by - that is 120 divided by the mileage, 224, which gives 5.35 cents - it must be 53.5 cents. $53\frac{1}{2}$ cents per ton mile.

COMMISSIONER GAINER: So the Grimshaw Trucking people propose to carry for 20 cents a ton mile and the aircraft charges are now $53\frac{1}{2}$ cents. Are those aircraft charges not more on the return trip? Do they not quote different rates on the return trip?

MR. GORDON: I couldn't say as to that. I didn't question them on that.

COMMISSIONER GAINER: I seem to recall that.

MR. GRIMBLE: Of course, a summer road from Fort Smith to Uranium City would change the picture completely for all those forms of transportation.

MR. BISHOP: I think we might proceed, Mr. Chairman, with page 32.

Section 8: Conclusion on integration of transportation network.

An analysis of the possibilities of integration of rail, highways, air, water and telephone communications for the Northwest Territories points to Fort Smith as the logical hub of transport and communications.

Fort Smith is presently well equipped to serve the function of the hub of transportation. It



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is the seat of administration of the Northwest Territories with adequate office space and housing, as well as modern schools, hotel, etc. It has modern utilities, sewers, water and roads, and an adequate source of cheap power. In addition, there is the possibility of development in the near future approximately 50,000 HP of hydro out of the potential one and one half million HP in the Slave River Rapids adjacent to the Town.



THE CHAIRMAN: Is that a very important assumption in your argument?

MR. GRIMBLE: I am not too qualified to speak on this, except that there is a source of reasonably cheap power and there is a proposal to produce 50,000 horsepower now with a small hydro project. If it ever did become a question of enriched uranium this could possibly be a site for enriching uranium, for instance, and if the power is here and the ore such as Pine Point is close enough, then this power would be transmitted probably to the source of the ore and a smelter set up at the orebody which would be in the general vicinity of Fort Smith. I think others would have to give you more detail on this aspect of it. Whether the smelter would be in Edmonton or Fort Smith depends on various factors quite beyond my scope.

MR. BISHOP: It is conceivable that with adequate rail transportation from the south and water transport to and from Bell Rock Harbour that Fort Smith could become an industrial centre handling the smelting of ores for both Great Slave Lake and Lake Athabasca.

Rail transport could most conveniently radiate from Fort Smith to Pine Point or other western points along the Mackenzie if the need ever arose. It also puts the railway in a better position should an extension northeast into the Canadian Shield be justified; the railway could be extended across



Slave River and northeast into the Canadian Shield. The Slave River is much easier bridged at this point than at any other throughout its length. A river crossing might be incorporated into a future power project when a dam is built to develop the rapids of the Slave River.

Fort Smith is also in the best position to act as hub for a highway and railway transport system serving the already developed and other potentially rich areas of the north; that is, it would be a rail-head for trainshipment to the proposed highways to the southwest and to the northeast and a future highway to Uranium City.

We are referring to Map No. 2 with which I think you are familiar.

Where air transport is concerned, a rail link to the existing excellent airport would permit Fort Smith to become the jumping-off point for strategic supplies to centers throughout the entire District of Mackenzie.

Finally a railway along the eastern route would greatly reduce the cost and improve the service for the northern Saskatchewan, northern Alberta and the southern portion of the District of Mackenzie.

Mr. Grimble has some further information on Fort Smith in general. Now, I do not know whether the Commission is interested in this, in following it up or not.



THE CHAIRMAN: What type of information?

MR. GRIMBLE: Merely general information. We are familiar with the facilities that are going into Fort Smith, such as sewers and water, the schools and building programme that is going on, road construction and the planning features that have been undertaken for Fort Smith. I think this is a well-planned community and it is located in such a position that it can expand readily in most directions. Services are easy to install, the ground is such you can lay sewer and water lines deep enough without any problem from permafrost. Permafrost is not a problem; it is one of the most northerly points that permafrost is not a problem. In other words, it is the south end of the permafrost region. It is close to arable land; there is arable land in the vicinity of Fort Smith and they do grow vegetables now. It is an area that could be expanded readily without foundation problems, without sewer and water installation problems such as are associated with further north.

There is a building boom that has been on for the last two or three years, new churches, hospitals, schools, residences, etc. It should not be overlooked as a northern frontier that could be urbanized to serve the north country.

THE CHAIRMAN: How serious are the permafrost problems at Hay River?

MR. GRIMBLE: It is in a region of sporadic



permafrost. The permafrost shifts around. We have done considerable drilling there and we find frost in some locations and then not far away we find none. It jumps around. The foundation at Hay River is not good regardless of permafrost because there is limestone rock about 30 feet down, and this is the saving feature as far as Hay River is concerned.

THE CHAIRMAN: Do you have to go to the limestone 30 feet down to get satisfactory foundations for substantial buildings?

MR. GRIMBLE: Yes. We are building a water treatment plant right now and we have decided to rest it on a pile foundation driven into some clay which is 18 feet down. The Hudson's Bay Company are building a new store and they are thinking of putting it on the pile foundation to the clay or limestone. The water is very high. Installation of water and sewer lines are a problem because it will be in water at the very start. That is not so in Fort Smith where the expansion of it would be equally as easy as the first installation. Fort Smith is served now by the Northern Power Commission and their power rates are really quite reasonable at the present time, with two diesel units. Of course, if the small hydro power project is constructed as is now being studied, then their power will probably be further reduced in cost and make it a reasonably attractive place for a person to live.



I can go into more detail if you are not familiar with Fort Smith. If you are not familiar with the location, the ground conditions and the climatic conditions I might say a word or two about it.

This is probably the most northerly point at which a city or a large community can be constructed with all the amenities readily available, such as we know here in Edmonton.

THE CHAIRMAN: What is the climate like at Fort Smith? Is it more like Yellowknife or ---

MR. GRIMBLE: It is comparable with Fort Vermillion in terms of precipitation and frost-free -- in the chart we provided as our first exhibit Fort Smith is -- the factors of climate are given in regard to the growing aspect in regard to vegetation. We have numerous tables showing how the Fort Smith climate appears in terms of chill factors, in terms of comfort.

THE CHAIRMAN: In terms of comfort how does it compare with Edmonton?

MR. GRIMBLE: It is not much different than Edmonton.

THE CHAIRMAN: Not a great deal of difference?

MR. GRIMBLE: No, not too much difference.

THE CHAIRMAN: There is a good deal of difference between Edmonton and Yellowknife, is there not?



MR. GRIMBLE: I was just reviewing those recently and I am just wondering what publication I had in mind. I would rather deal with figures than generalizations.

COMMISSIONER THOMSON: You mentioned there was a great expansion, building programme going on at Fort Smith. I wonder if you could tell us about the industry, what is going in to cause this building programme?

MR. GRIMBLE: I have a newspaper clipping that would probably say it more in line than what I could.

COMMISSIONER THOMSON: Well, you can answer a few questions. You say there are houses being built, or residences?

MR. GRIMBLE: Yes, apartment houses and residences being built.

COMMISSIONER THOMSON: Are they private or are they Northern Affairs houses?

MR. GRIMBLE: Yukon Construction is the contractor and I do not know who they are building them for. I know Yukon Construction is one of the prime contractors in Fort Smith today.

COMMISSIONER THOMSON: Is there some big industry that is causing all this housing or is it just government housing that is going up?

MR. GRIMBLE: I imagine the major proportion is government housing.



COMMISSIONER THOMSON: There is no new industry, there are no mines or factories, or anything, there that would cause this great expansion. There was one other brief that said Fort Smith was growing rapidly and I was wondering why.

MR. GRIMBLE: Well, Denney Logging employ Fort Smith personnel and that is one reason that Denney located in Fort Fitzgerald so as to have the labour market of Fort Smith available and a townsite available.

COMMISSIONER THOMSON: I think Denney Logging said they were using native labour.

MR. GRIMBLE: Possibly they meant local labour plus native.

COMMISSIONER THOMSON: And you mention this one and a half million potential at the Rapids. Is that possible? I have always been led to believe unless you controlled the Peace you could not have that one and a half million. You cannot build a reservoir there to develop one and a half million.

MR. GRIMBLE: I should clarify this. They have made what they think is a very conservative estimate of a million without the detailed studies. The detailed studies that I mentioned earlier would be available next week, and we can go into this far more thoroughly. At the present time they are quite confident in saying one million horsepower by the regulation of the Peace River by either using Lake Athabasca as a reservoir and damming it up or by



building two dams at the rapids at Fort Smith and backing the water up. This latter project is possibly a newer idea and would give almost full regulation of the river to back the water up and flood quite a bit of the territory. However, there is no one living in that area -- Denney Logging might be flooded, but I am not sure of that.

COMMISSIONER THOMSON: Would it not spill down the Salt River? The reason I am asking is that in 1944 there was a survey made and I thought Smith would be so much handier but the engineer said you could not do that because it would flood back and down the Salt River and the only way to do it would be to control the natural flow from Lake Athabasca and it would be enough to get one and a half million provided you could control it, but you could not create a reservoir -- I have not been there for a while.

MR. GRIMBLE: It would flood the Hay camp.

COMMISSIONER THOMSON: Would it not run down the Salt River?

MR. GRIMBLE: One of our survey crews ran a profile from the river up over the Salt to the chain of lakes about ten miles west of the river, and we thought this might be a form of channel and we ran a line of levels to see. But even then there is quite a rise of ground and I think the figures -- I have not made a detailed study personally, but I have it that they can produce one million horsepower. The one and



a half million mentioned in our brief was based on the control of the river. This was written before Mr. Shakespeare entered into the picture, and I think his figures are something like four million.

COMMISSIONER THOMSON: Yes, I understand that he could develop with the 50,000 either going to -- that one and a half million does depend largely on the control.

MR. GRIMBLE: They are confident they can develop a million, and when I wrote this I thought the Peace River power development would add at least half a million and Mr. Shakespeare said four million.

MR. BALDWIN: He said 870,000, and the four million was of the downstream. The 870,000 was the figure he quoted.

MR. GRIMBLE: Actually, I think he said that in Alberta there would be a potential four million horsepower and there are only two lakes in Alberta where you could build a dam and one is at the Chutes and the other is at the Rapids.



MR. BALDWIN: I am quite - possibly his evidence is here, but my recollection is 870,000 was the figure he quoted in respect to the Fort Smith area.

MR. GRIMBLE: Let's say one a half million is very low.

THE CHAIRMAN: How much would you say could be produced at the Chutes?

MR. GRIMBLE: Without the power development in the order of 250,000 horse power. These figures are from memory. We can look those up in the MacGregor Report, actually.

MR. BALDWIN: I think it is both in Mr. Shakespeare's brief and the Northern Affairs' brief.

THE CHAIRMAN: What do you say about this, that a million horse power appears to be available irrespective of what happens in Peace River?

MR. GRIMBLE: Yes, sir. This is in the MacGregor Report.

THE CHAIRMAN: Is there any doubt about that? What do you say, Mr. Baldwin?

MR. BALDWIN: I would prefer not to answer. I am definitely anything but an expert. I am going only on my memory of what was said.

THE CHAIRMAN: We are going to get some of these figures next week, are we not.

MR. GRIMBLE: It says in the MacGregor Report at page 66 - this is the third paragraph at the top from the lefthand side - "Therefore using the



figures available, it does not seem to be excessive to rate the Slave River at one million horse power potential".

MR. FOUKS: In the Department of Northern Affairs' brief it says on pages 13 and 14, 870,000 - "..... but still a substantial project capable of producing ultimately about 870,000".

THE CHAIRMAN: This million was before they even thought of the Peace River project.

MR. GRIMBLE: In the same report it says: "For the purpose of our inventory, we might consider the power available at Vermilion Chutes is 100,000 horse power". I am sorry, it says, "If the Wenner Gren scheme does not go ahead and 250,000 horse power if it does".

This is from Mr. Shakespeare's brief, page 6. He says: "Between the British Columbia and the Alberta boundary and Great Slave Lake there is a fall of approximately 800 feet. With regulated flow and subject to suitable sites being available, it is estimated that some five million horse power could be generated along the Peace and Slave Rivers". I know of only two sites being available; one is Vermilion Chutes and the other is the Rapids at Smith.

MR. FOUKS: The last comment is yours?

MR. GRIMBLE: Yes. I know of only two sites available; one is Vermilion Chutes and the other at Fort Smith.



MR. FOUKS: It may amaze Mr. Grimble, but Mr. Shakespeare has probably spent a lot of money looking into this as a potential.

THE CHAIRMAN: What is the significance of this?

MR. FOUKS: Mr. Grimble made the remark that Mr. Shakespeare's observation amazes him - that is amazes Mr. Grimble.

MR. GRIMBLE: The amount of five million horse power seems to me to be a large figure. I won't dispute it, though; if he says it I will agree with it.

THE CHAIRMAN: You are suggesting that Mr. Shakespeare - -

MR. FOUKS: My observation is that, as a result of Mr. Grimble's remark, Mr. Shakespeare's analysis amazes - -

THE CHAIRMAN: Do you quarrel with Mr. Shakespeare's figures?

MR. FOUKS: Not a bit.

THE CHAIRMAN: If Mr. Shakespeare's analysis is five million, Mr. Grimble tells us that he knows of no other sources than the Vermilion Chutes and the Rapids.

MR. SOUTHWORTH: Mr. Shakespeare has quite a list of facts, but he thought that 800,000 to a million was probably the range at Fort Smith. But there were a number of sites he mentioned, and he could



supply those.

COMMISSIONER THOMPSON: Perhaps the million and a half was subject to the control of Peace River.

MR. SOUTHWORTH: It was subject to control of the river by the project. To be absolutely certain of this, a statement should come from him.

MR. FOUKS: We could get it, sir.

THE CHAIRMAN: Would you?

MR. FOUKS: Absolutely, sir.

THE CHAIRMAN: It may be important. It would be nice to have a figure if it is.

MR. BALDWIN: At page 50 of Mr. Shakespeare's evidence, which was taken on September the 10th, he starts off by referring to upstream and then he refers to downstream, and then he says that there are at least two further sites between these two sites and the British Columbia boundary. He says that there are at least two other sites between the dam and the British Columbia and Alberta boundary.

MR. GRIMBLE: The five million he mentioned, though, is outside of British Columbia. It says: "From the British Columbia and Alberta boundary downstream there is a fall that can develop five million horse power".

THE CHAIRMAN: Are we through on this question of Fort Smith?

MR. GRIMBLE: Yes, sir; unless you have any further questions or would like to expand on the



development of Fort Smith.

THE CHAIRMAN: I would like to ask a question or two about the last paragraph on page 32. We have been spending a lot of time talking about freight service to Uranium City. There is this situation with regard to Uranium City, is there not, that the product of the mines can be brought out very satisfactorily by air. Is there any doubt about that.

MR. GRIMBLE: I don't think there is any doubt about that. I think both Gunnar and Eldorado - Gunnar flies 120 tons a month out of concentrates.

THE CHAIRMAN: And all our discussion of giving service to Uranium City involves a reduction in the costs of living for the people living and working in Uranium City. Isn't that the total significance of what you have been saying?

MR. GRIMBLE: No. The cost of operating the mines is a cost of transporting the materials in that they need and the cost of inventories in the winter. The cost of getting them out is a small part of the cost.

THE CHAIRMAN: Your suggestion was that the sulphur should be carried during high water periods by water from Waterways to Uranium City.

MR. GRIMBLE: If the Royalite plant is successful. In our brief we said that if the Royalite operation is successful undoubtedly the sulphur from Royalite would move to Uranium City by



water, by barge.

THE CHAIRMAN: Why should it also move by barge during high water periods if the Royalite plant is not successful?

MR. GRIMBLE: We are back in this circle again of straight rates.

THE CHAIRMAN: The only difference is, if it starts at Royalite, then you are not thinking of unloading the freight cars.

MR. GRIMBLE: That is right. You have only the extra handling.

THE CHAIRMAN: All you would say is only one set of handling charges.

MR. GRIMBLE: Royalite is closer and they would be keen to be competitive in the north and they would meet competition because they are closer on the site, and if they are successful and have a refinery there, there is no doubt that they would meet any competition and it would move by water to Uranium City.

THE CHAIRMAN: They would be right on the railway and they could load it on to the railway.

MR. GRIMBLE: If by going an equal distance, they would put it right on the barges and go right down. It would be the most convenient to Uranium City by barge.

THE CHAIRMAN: But the sulphur now travels by NAR to within a few feet of the water at Waterways.



MR. GRIMBLE: Yes.

THE CHAIRMAN: And there are elaborate loading facilities for the sulphur there.

MR. GRIMBLE: Royalite would compete. Royalite would supply Uranium City if Royalite produces sulphur.

THE CHAIRMAN: All I am getting at is this: what is the advantage of taking the sulphur by rail all the way there? Suppose it comes from the Royalite plant in Turner Valley or southern Alberta, what is the difference between a relatively small handling charge at Waterways and taking the sulphur all the way up to Peace Point by rail or transferring it to the barge at Waterways and taking it from there by water to Uranium City?

MR. GRIMBLE: I would think that if Royalite wasn't a success, then there could be a combination of movement; it could move during highwater from Waterways or move during all the season from Peace Point. Again it is a matter of incremental rail haul rates compared to water rates.

THE CHAIRMAN: It rather looks as though they are close. Are they likely to be pretty close?

MR. GRIMBLE: They are likely to be pretty close. It depends on who bears the cost of dredging again.



THE CHAIRMAN: But if it is going to be done during high river period the dredging is ruled out?

MR. GRIMBLE: It could come from both points, in the high water they could go through the waters and during low water move it to Peace Point rather than bear the cost of dredging.

COMMISSIONER THOMSON: Did you ever consider the possibility that maybe these sulphur people have a life-of-mine contract? What would happen then? A life-of-mine contract is quite a usual thing, and they may be supplying sulphur quite cheaply on a life-of-mine contract. Supposing they have that and no matter how cheap Royalite could make sulphur they could not compete?

MR. GRIMBLE: That is true, but there may be a change in this contract.

COMMISSIONER THOMSON: You cannot change them because Hollinger spent millions trying to -- this is a possibility?

MR. GRIMBLE: Royalite have in their brief, and in our conversations, seem to consider this as one sort of a market and they probably looked into this feature that you mention.

THE CHAIRMAN: You have not given us any estimate as to how much the cost would be reduced. Perhaps you cannot do that, but if you could I would like to know to what extent you think the cost of operation would be reduced at Uranium City if the railway



were built as you suggested.

MR. GRIMBLE: We could do something for you on it. We will work on that if you like.

THE CHAIRMAN: I would be interested in knowing because at the moment you suggested a wide variety of reasons why you think it will be to the advantage of Uranium City if a railway is built. Some of those reasons are of minor consequence and some may be of major consequence. You have not distinguished between those which are important and those which are of relative unimportance.

MR. GRIMBLE: We will put a dollar value on it.

THE CHAIRMAN: And explain how you put that dollar value on?

MR. GRIMBLE: Yes, we will do that.

THE CHAIRMAN: It comes to this: in the first place so far as the product of the mines is concerned that is going to go up by air in any event or at least it goes there satisfactorily now by air?

MR. GRIMBLE: Yes, but this is a small part of their operating costs, bringing out the finished product is a small part of the operation.

THE CHAIRMAN: Are there any other questions to be raised concerning this part of the brief before we go on to the next part?

MR. BISHOP: This takes us to page 34.

Existing and Potential Resources and Their



Transportation: Although both proposed railway routes would terminate at the Pine Point mining development area, the eastern route would have the advantages of a shorter haul and easier grades. These considerations are most significant in making a choice between the two routes. However, the importance of the railway to the other basic northern industries such as agriculture, fisheries, forestry and mining as a whole, should be weighed.

1. Agriculture. The land which would be traversed by the Grimshaw-Pine Point route is now served by the Mackenzie Highway and most of the settled areas by a system of good market roads. An agricultural community is today best served by good main arterial highways and market feeder roads rather than by a railway. The only exception to this is in regard to the transportation of wheat which is heavily subsidized by other rail freight and the Canadian taxpayer.

Canadian Railway Rates on Wheat Haul to
Vancouver Compared to U.S. Rates to Seattle.

Now, we have a table here and the purpose of this table is to show that in every case the charges for carrying wheat in the United States where they are not subject to our Crow's Nest Pass arrangement are several times those of the charges for carrying wheat in Canada. Would you like me to read that table?



THE CHAIRMAN: I would like to ask you a question about it. You have used the word "subsidized" -- "transportation of wheat which is heavily subsidized". We have already been given a figure of one-half a cent a ton-mile; how much subsidy is there involved in getting the rate down to half a cent a ton-mile?

MR. GORDON: Mr. Chairman, I did not prepare this section of the brief, but that is a question which has been argued many times as to whether the other shippers in Canada are subsidizing the wheat movement or not. I do not think any figures have ever been developed to prove one way or the other. The only fact is that if you take the railway financial statements and the revenue statements and the ton-mile statements, and you take the ton-miles and extend them by the average earnings on grain products, or even the total range of agricultural products, it is somewhat higher. The railways' financial statements would be very much worse than they are today. So, as I say, it would appear--and I think this is partly the basis for the assumption that grain rates are being subsidized by other forms of transportation.

I have never, and I do not want at this time to associate myself with that because I do not have the figures to substantiate it. I suspect possibly that is the case but I could not substantiate it and I would not want to commit myself that that is the case.



THE CHAIRMAN: You suspect there is a subsidy?

MR. GORDON: Yes. My opinion is that I do not think the operation of a railway could be carried on the basis of an average revenue equivalent to what they are getting on their grain traffic today and show any kind of reasonable profit or even not show a very large loss. If the railway accounting figures, as even presented over the past ten years to the Board, are correct, I think that assumption is correct, but of course there are other factors that enter into these things and I would not want to say that the wheat or other grain movements are being subsidized. I do not mind going so far as to say that I do not feel personally that they are sharing their fair share of transportation costs in Canada.

THE CHAIRMAN: What do you think would be a fair share of the transportation costs? Should they be increased by 50 per cent or 100 per cent, or what?

MR. GORDON: That is something which would take a considerable study and I would not want to make an estimate, just providing a horseback figure without some study. I think possibly we will get some figures on that within the next two or three months when the Royal Commission on Transportation investigates this matter.

I am only expressing a personal opinion.



From an analysis of other traffic movements and railway earnings, I am forced to the conclusion that the grain rates are not paying a fair share of the transportation costs.

THE CHAIRMAN: Let me put this problem to you. You have said here categorically that wheat is heavily subsidized, and it is not put as an estimate or a guess; it is a categorical statement that wheat is heavily subsidized. The evidence is that wheat travels at half a cent a ton-mile. Maybe I am mistaken, but I thought you were arguing pretty strenuously yesterday that the general freight could be carried by the railways from Waterways to Peace Point at half a cent a ton-mile, with no injury to the railways.

MR. GORDON: I thought that was the case of the actual operating costs, what they call the out-of-pocket costs. I think that is what Mr. Grimble was talking about, the out-of-pocket costs of operating, which are entirely different to what the revenue which must be derived from that movement, is.

THE CHAIRMAN: Let us put it this way: if there is something wrong with railways hauling wheat at half a cent a ton-mile is there not something equally wrong with hauling freight at half a cent a ton-mile?

MR. GORDON: They do not do that, not to the customer.

THE CHAIRMAN: Was it not your suggestion yesterday that something approaching that could be



given. Now Mr. Grimble is shaking his head, but he quotes us half a cent a ton-mile as the amount they haul for in Liberia, and you suggest that it should be reduced very materially in order to prevent the cost of living in Uranium City going away up if your proposition is adopted with regard to carrying from Peace Point.

I am going to adjourn for a few minutes and let you consider this, because in the first place I would like you to reconsider the statement that you just read, Mr. Bishop. Are you sticking to that statement that wheat is heavily subsidized, and then what do you say about these comparisons between general freight going to Peace Point and grain coming out of the area north of Grimshaw? I would like you to consider this, too, that grain, I understand, is something that can be carried at a lower express cost, at less expense than general freight. By and large it is accepted as general freight; the type that goes to Uranium City would command a considerably higher price than wheat.

We will adjourn now for a few minutes.

---Short recess.



THE CHAIRMAN: Mr. Bishop, what about this statement, which I don't think concerns Mr. Grimble so much, that the transportation is heavily subsidized.

MR. BISHOP: Actually the wording is Mr. Grimble's. I would rather he amplify it.

MR. GRIMBLE: I take full responsibility for the statement. This is a railway opinion.

THE CHAIRMAN: You are not suggesting there is anything wrong with it, are you?

MR. GRIMBLE: No. This is the attitude before all Royal Commissions. In fact, I just happen to have an article here, a case against fixed freight rates, which deals with the grain rates, and this is the sort of thing that is expressed. However, I will come back to this table - -

THE CHAIRMAN: Could we stay with this statement?

MR. GRIMBLE: Yes. I am just leading up to it. This table - these rates are 1952 rates. The United States rates today are probably 10 per cent to 15 per cent higher than those, and the percentage difference between United States rates and Canadian rates, instead of being 300 per cent, is now 400 per cent. The inference I can draw from this is that American rail roads are hauling grain at what they think is a fair and just return for their services. It would appear to me, if it is



four times as much as what the Canadian railroads are getting, that there is something wrong somewhere.

THE CHAIRMAN: Do you suggest, then, that a reasonable rate for grain should be four times, half a cent a bushel?

MR. GRIMBLE: I wouldn't care to say, sir. I would just say that a four times differential for the same commodity, in one case not controlled by statute and in the other controlled by statute - I would say that there is something out of line with Canadian rates. I wouldn't care to say how much, though.

THE CHAIRMAN: You don't know how much; you just say it is something out of line.

MR. GRIMBLE: Yes.

THE CHAIRMAN: Tell me this: what is a reasonable differential between a rate on grain and a rate on general freight.

MR. GRIMBLE: I am sorry, I couldn't answer that one, either, sir. I am not qualified to speak on that.

THE CHAIRMAN: There certainly is a difference, isn't there?

MR. GRIMBLE: Yes, there would be. The American rates may be an indication in that case.

THE CHAIRMAN: Mr. Gordon and Mr. Guest, can you tell us anything about that?

MR. GORDON: Sir, considering rates on



commodity versus commodity is a very difficult thing to do, because railway rates in Canada and also in the United States to a large extent have been, in the past, based on what is known as a value of service principle, not on a cost of service principal.

THE CHAIRMAN: If you can't tell us, that is enough, Mr. Gordon.

MR. GORDON: No, I wouldn't say that - I couldn't tell you. I wouldn't care to state what the difference between a grain rate and general merchandise rate would be.

THE CHAIRMAN: Can you tell us anything, Mr. Guest?

MR. GUEST: I can't tell you anything precisely, Mr. Chairman. But the railways, I think, have stated that they are going to state it in December, but they have indicated that the returns would be about twice what it is now, in the order of a cent a ton mile, and a preliminary study, I think, was done by the Board of Transport Commissioners, by their former chairman, Chief Commissioner, which indicated a figure of something in the neighbourhood of twice .5 or one cent a ton mile. This is subject to an intensive investigation of the cost factor of the grain movement which is going to take place.

COMMISSIONER GAINER: The study was based on cost criteria?

MR. GUEST: Oh, yes, this is a cost study



of the grain movement. That is the one that the C.P.R. and C.N.R. are preparing or are going to prepare and are going to present in December.

Just looking at the way bill analysis, the statutory rates comprise about one third of the total ton miles of traffic, and the revenue is about ten per cent, and I just figured this roughly in my head. The non competitive commodity rates also constitute about a third of the work done, but the revenue is 40 per cent, the total revenue, the competitive rates of about 16 cents per ton mile and 21 per cent of the revenue, and the indication is that the grain rates are not carrying their fair share.

But I don't think anyone is willing to put a figure on it until an exhaustive study by the railways has been examined. That is as close as I can put it.

COMMISSIONER GAINER: This figure, I think, was published about a week or so ago. On the C.P.R. figures it was something to the effect that 27 per cent of their tonnage moved under statutory rate, and this represented only about 9 per cent of revenue, and it has been established for some time that there is a different proportion created by different commodities.

Is this all you have in mind when, in your statements, Mr. Grimble, you stated that there is an apparent transfer of revenue from one type of freight



to another, regardless of whether any particular type is moving at a loss of profit?

MR. GRIMBLE: Yes, that is what I was trying to get across.

COMMISSIONER GAINER: That is as far as you would go.

MR. GRIMBLE: Yes. The Americans have a price support which subsidizes their grain production. The Canadians, instead, use the statutory rail rates.

COMMISSIONER GAINER: But you don't want to imply that you are suggesting a certain type of traffic, for instance, grain traffic, when moving at a loss.

MR. GRIMBLE: No. I was going into it in the next section when we come to it.

THE CHAIRMAN: Mr. Guest, can you make any comparison between what is a reasonable rate for grain and a reasonable rate for general freight, the type of freight that is referred to in the statement that we were discussing a little while ago?

MR. GUEST: Well, if we priced freight on the basis of cost of service, a reasonable rate would be the rate which covered the fully-distributed cost of the movement. But that is a situation which won't arise in practical freight moving.

THE CHAIRMAN: The Chambers of Commerce have given us a comparison between American rates and Canadian rates in regard to grain. Can you give



us a comparison between American rates hauling grain and American rates, say, in class 45?

MR. GUEST: I can't give you the class 45 American rates. I would have to get them. We have had a great percentage increase since the war. I could get them. But our percentage increase has been higher than the United States, of course.

But, for example, lumber -Prince Rupert has the same rate as Seattle to any point in the United States, such as New York, for example, or Chicago, and these rates are controlled both by the I.C.C. and the Board of Transport Commissioners. It is no criterion just because a rate has absorbed all the increases that it is a necessarily just rate or a fair rate.

Now, the grain rates in the United States are subject to heavy truck competition and barge competition, and I have seen some indications that they are being reduced. I think that the Interstate Commerce Commission publishes figures showing the return above cost that certain classification of rates produce, and grain rates quite high in this classification.



Fruit and vegetables are a minus quantity; it depends on competitive situations and factors. As long as we price freight on the basis of authorization of services, and the indication is the railways want to maintain this, probably, because Mr. Sinclair, the General Manager for the C.P.R., stated it on the record at the first meeting of the Royal Commission on Transportation, then the railways will endeavour to get the most they can out of every freight movement. Taking into consideration the competitive factors involved and subject to the maximum rates set by the Board, it is very difficult to say what is a fair rate. A fair rate for the railways could be 60 cents and the shipper thinks it should be 50 cents and if there is a dispute and the shipper thinks he is being discriminated against or the railways are being unreasonable, they are not moving the traffic, he has the right to appeal to the Board and his case is heard. It is a rather flexible situation as far as what is a reasonable rate.

THE CHAIRMAN: Have you anything further to say, Mr. Grimble?

MR. GRIMBLE: I was going on to half a cent a mile. I have here some operating costs for the Hudson's Bay Railway for 1957, and I notice the equipment costs and the equipment rentals amount to one-quarter of the operating costs. Now, we can go back to this situation that I was trying to get



across yesterday, and apparently did not succeed very well in doing, but it is if you have a car hooked on to a train that leaves Toronto and goes to Edmonton -- is hooked onto the train and is going north from Waterways, the cost of supervision, the overhead costs, terminal costs are there, and everything is taken into consideration. The car is rolling and it is on its way.

Now, we want to figure what the cost to the railway, the out-of-pocket cost annually to the railway, is on rolling that car another 200 miles. The cost of maintaining the track has been looked after, interest on the investment has been looked after, the superintendency, the overhead has been looked after, the maintenance of the track has been looked after. All the items too numerous to mention have been looked after and now we have this car rolling towards Waterways and our problem is to roll another 200 miles. The cost involved to do this is only the equipment rental for the time this car is busy rolling the 200 miles plus the maintenance of that car, which will be incurred because it rolled another 200 miles.

The point I was trying to get across -- plus the fuel cost -- plus the additional fuel cost necessary for the engine to haul one more car. The labour is all there, the engineer is there, the fireman is there, so we are looking at these three items, a little bit more fuel because the engine has another car hooked on, equipment rental on the car for the time



it is tied up and the cost of maintaining the car because it rolled another 200 miles. The point I was trying to get across is that this may be in the order of half a cent a ton-mile.

THE CHAIRMAN: Do you think perhaps I did not understand you? I fully understood that yesterday.

MR. GRIMBLE: I am sorry, sir. This is what I call the incremental cost of rolling a car an extra distance. That would be a small cost, maybe half a cent.

THE CHAIRMAN: There is no doubt about that.

MR. GRIMBLE: If the railway recover more than half a cent a ton-mile that is good for them, it is better than not having anything.

THE CHAIRMAN: I am going to ask you to give a little more consideration to this during the noon adjournment. I have forgotten whether your brief includes this or not, but I think it does, Mr. Bishop, that one of the reasons you are advocating the eastern route is because there appears to be more freight available to the railways to haul along the eastern route than along the western route.

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: The railway companies made a great deal of that and said that they expected to be able to get \$600,000 income for hauling some freight. You have now said -- Mr. Bishop said he does not see how that statement can be reconciled with the suggestion



that freight can be delivered to Uranium City at the same price that it is being delivered there now. Now, that is quite a remarkable difference of opinion between two people advocating the same thing, is it not?

MR. GRIMBLE: It is a matter of degree.

THE CHAIRMAN: Well, when the railway company advances as one of the reasons why the railway should go along the east route is all that extra freight and extra income and you say you cannot reconcile the two statements -- you were arguing yesterday, and you advanced the argument -- Mr. Gordon advanced it, and we have heard it several times, that perhaps freight that is going to go to Uranium City could travel at half a cent a ton-mile.

MR. GRIMBLE: The charges would not be half a cent a ton-mile.

THE CHAIRMAN: It can perhaps be hauled to Uranium City and the people charged only half a cent a ton-mile? That was your suggestion?

MR. GRIMBLE: No, sir, I did not say that nor mean to imply it.

THE CHAIRMAN: You said it could be hauled for a pretty low figure?

MR. GRIMBLE: It could be hauled but not necessarily charged on that rate.

THE CHAIRMAN: Well, you do not know what it will be charged on?

MR. GRIMBLE: No.



THE CHAIRMAN: You will not suggest anything as to what it could be charged at? You won't suggest any figure at all. The railway companies did suggest a figure but you will not suggest any figure. You just say you are quite satisfied that the Board of Transport Commissioners would not permit a combined rate charge by the railway companies and the barging companies that would exceed the rate that is being charged now? Is that not your argument?

MR. BISHOP: That is right, sir.

THE CHAIRMAN: And when I ask you why you feel that then Mr. Grimble has advanced his argument that of course the rolling stock when it is rolling can carry an extra carload and the only additional cost is the extra pull and a few minor items, and therefore he assumes that the Board of Transport Commissioners won't permit this. What I would like to know is whether you can give us anything more than that as an explanation, and how you are going to get around the fact that you have maintained a position. To start with, you opened your case by saying that if the information that the railway figures have given to us -- and they were accepting the railway figures -- then the freight going to Uranium City is going to have to be paid for at a considerably larger rate or higher rate than it is now. They would accept what the two transcontinental railways told us that the people in Uranium City are going to have



to pay a lot more money. That is the proposition you advanced.

MR. BISHOP: I do not think I said quite that, my lord. We feel that it has not been demonstrated that freight could be carried to Uranium City at the same price and still give the railroads \$600,000 revenue which they claim to be able to anticipate off an eastern route. Where the difference in emphasis lies is we feel that the figure that must be maintained is not the \$600,000, but the price to Uranium City shippers. The reason we feel that will be done is not because we estimate half a cent a ton-mile cost or any specific cost, but because the present rates presently exist and the new route will not be used unless it is competitive, and in order to get the tonnage the railways must make it competitive. We feel that they can make it competitive by coming down from their stated figure of \$600,000 for the simple reason that it is better for the railroads to haul that tonnage the extra distance so long as they can charge a rate that is competitive in order to get them the business and still is more than it actually adds to their costs to carry that extra freight.

THE CHAIRMAN: Well, then, when you say that, you now open your case with regard to agriculture by saying when grain is hauled there is a heavy subsidy paid on it.



MR. BISHOP: Well, in this case we do have a fixed rate for grain. In other words - -

THE CHAIRMAN: Just as it is for export.

MR. BISHOP: That is right, Mr. Chairman; and the evidence, I believe, even from the United Grain Growers, the Farmers' Union, indicated that most of the grain from that area goes for export. But in the case of the freight that would go to Uranium City, there is the ultimate case that the railroads decide that they cannot carry it except at a loss, in which case it goes at present conditions, which would not change things for the Uranium shippers except that they would have the additional advantage of winter road shipments for emergency cases. The value of that would be very hard to determine, but it is certainly not a disadvantage to have an alternative method of getting your freight in.

In the case of the grain, if the railway is built, it will be obliged to carry the grain if the grain is submitted to it for shipment and the rate is determined. So we do not have exactly parallel cases in the two situations.

THE CHAIRMAN: There is no doubt about that, that they are not parallel. No two freight situations appears to be parallel.

We will adjourn now for lunch until 2 o'clock.

--- Luncheon adjournment.



--- On resuming at 2 p.m.

THE CHAIRMAN: Before we adjourned we were talking about this problem we have spent a lot of time on, and that is what is going to happen or what could happen to freight that goes from Waterways to Uranium City.

MR. BISHOP: You are quoted from the Edmonton Journal as follows - I think this is copied from the transcript - we are not holding to the position that when such a rate is struck the railways will realize \$600,000.00 from the additional revenue over the operation from Waterways to Peace Point. We do not feel that that statement together with the statement that the overall rate to Uranium City will not be higher, we do not feel those two statements can be reconciled."

That is the position that you are taking now, is it not?

MR. BISHOP: Substantially, Mr. Chairman, although I think on hearing my words read back to me I should qualify them a little to the extent that, or rather than saying we do not feel the two propositions that Uranium City freight rates will not be higher, together with the proposition that the railroads will receive \$600,000.00 in revenue cannot be reconciled, we should say, rather that it has not been demonstrated by the railways or anyone else before this Commission that they could be reconciled. What I was attempting to do at that time was to



emphasize the fact that we are placing considerably more importance on the delivery of freight to Uranium City at rates which would be no higher than they are presently paying than we are on a figure of \$600,000.00, or any given figure as additional revenue to the railroads.

Now, I don't think that we can say, from the information we have, that it is not possible for the railroads to collect the \$600,000.00 they referred to so many times and for Northern Transportation to carry the freight the rest of the way from Peace Point to Uranium City for the remaining 700,000 that was referred to on the day the railways were presenting their brief.

THE CHAIRMAN: You say you don't think it has been demonstrated that those two statements can be reconciled?

MR. BISHOP: That is right.

THE CHAIRMAN: May I take it that you don't see how they can be reconciled?

MR. BISHOP: We don't have figures to show that they can be.

THE CHAIRMAN: You haven't been able to show that they can be reconciled.

MR. BISHOP: That is right, Mr. Chairman.

Now, during noon hour Mr. Gordon prepared for me a statement which I have just seen now, but which I would like to read to the Commission. This



is actually hypothetical; I would like to make that clear in the first place. But these are figures worked out to test that possibility, and we would be happy to enter this as an exhibit and provide you with photo-static copies.

Now, Mr. Gordon has shown here that from Edmonton to Waterways the distance is 305 miles and the rate is \$1.07.

COMMISSIONER GAINER: Would this be using the average revenue figures in the exhibit this morning which we had?

MR. BISHOP: Well, the first part, of course, is the present existing rates; the second part in the hypothetical case would be the average revenue figures as shown on the exhibit this morning.

COMMISSIONER GAINER: Class 45.

MR. GORDON: The Edmonton to Peace Point is the actual class 5 rate in the Board of Transport Commissioners' scale as per the statement this morning for that distance. The Peace Point to Uranium City is purely - -

COMMISSIONER GAINER: We will get that in a minute.

MR. BISHOP: The rates which I will read as estimated over the Edmonton to Peace Point route are based on exhibit 52 (r) which was filed this morning; that is the freight rate scale for class 5 rates.



COMMISSIONER GAINER: Thank you.

MR. BISHOP: So going back to the statement, we have Edmonton to Waterways, 305 miles, rate \$1.07, the existing classified rate.

COMMISSIONER THOMSON: That is per hundred?

MR. BISHOP: Per hundred weight. Waterways to Uranium City, distance 273 miles, rate \$1.00 per hundred weight.

THE CHAIRMAN: That is the present water rate.

MR. BISHOP: That is the present water rate - making a total of \$2.07 per hundred weight from Edmonton to Uranium City.

Now, using the comparison or the schedule that was filed this morning, Edmonton to Peace Point, 525 miles, the rate would be \$1.46. Peace Point to Uranium City - Mr. Gordon has assumed 200 miles; our figures had shown that as 193 miles, I believe, and the British Columbia brief was 203 miles, but 200 seems a fair average - would require a rate of 61 cents to give the same rate from Edmonton to Uranium City of \$2.07.

Now, all we have done here is that on a freight rate basis, rather than a total income basis, we have done so far what the railways did during cross-examination last week. We have taken the same price to Uranium City and subtracted what would be the freight rate on the standard schedule submitted



by Mr. Gordon, and we come up with the 61 cents which is remaining. Now, that is a reduction in the Northern Transportation Company rate of 39 per cent, and the reduction in Northern Transportation Company mileage is 26.7 per cent.

Now, the purpose of this - -

THE CHAIRMAN: The reduction in the Northern Transportation rate is how much?

MR. BISHOP: The 39 per cent. In other words the dollar is reduced to 61 cents.

THE CHAIRMAN: And the reduction in mileage?

MR. BISHOP: Is 26.7 per cent.

Now, the purpose of this analysis is to show that it should be possible for Northern Transportation, having regard to the profit that it has shown in the last few years, and the savings we have indicated or the increase in operating efficiency in Peace Point, to reduce their rates by 39 per cent in the face of a reduction of mileage of 26.7 per cent.

Now, I should emphasize that we are not purporting to prove that this is what the rates of Northern Transportation would be. But the question had come up many times, and it came up in your Lordship's last question as to whether it is possible to reconcile the railways statement that Uranium City would pay no more for freight arriving in Uranium City and yet the railroad would still get



its \$600,000.00 revenue.

I don't know whether I have made myself clear, Mr. Chairman.

THE CHAIRMAN: I see this difficulty with Mr. Gordon's figures, though, Mr. Bishop. He has gone on the assumption, and he has been taking these percentages, that there is a rate for the 273 miles, you take a percentage of that for 200 miles, that is 200 over 273, and yet he has emphasized and re-emphasized that when you consider rail rates you consider the increment because there are certain fixed charges that apply to short distances.

MR. BISHOP: That is quite right, and I think we agree that the relationship of handling charges to the extra cost of going additional distances probably applies equally to water transportation as it does to rail transportation. We were merely attempting to demonstrate that there could be enough room in the Northern Transportation rates to make it not inconceivable that the claim of the railroads, that they could realize \$600,000.00 from this freight and Uranium City could still get it for the overall cost - that that situation is possible.

Now, you will realize from my earlier statement which you quoted from the newspaper that we are not saying it is probably. We feel that Northern Transportation would have to reduce its rates some, but also the railroads would have to reduce its rates



some in order to get this extra tonnage. I emphasize again that we are not attempting to support or prove this \$600,000.00 figure, but we are attempting to make an analysis here to show that it is theoretically possible or it would appear to be theoretically possible. We don't have access to the actual costs of either the railway or Northern Transportation.

Maybe I should let Mr. Grimble speak to this.

MR. GRIMBLE: This is working backwards; in other words, this is a case of showing what percentage decrease in N.T's rates is necessary to bring about this position of an equal freight rate to the existing freight rate. This is working backwards to show what percentage the figure would be necessary.

THE CHAIRMAN: You don't know whether it is possible or feasible, how correct it would be?

MR. GRIMBLE: We will go one step further with this deduction we have shown, that a 39 per cent decrease in N.T's rates is necessary in order that the general freight - this isn't commodity, this is the general traffic that would land in Uranium City at the same cost as present. We wanted a 39 percent decrease in N.T's rates. Roughly, there is \$443,960.00 gross revenue to N.T. for this general freight. This is what they now get in gross revenue for the movement of the general freight. A 39 per cent decrease in this amounts to \$170,000.00, which could be then compared to a dredging cost of \$200,000.



THE CHAIRMAN: If your assumptions on the dredging costs are correct, but you were adding a lot of charges to the \$150,000.00, which was the highest figure given.

MR. GRIMBLE: It was the last figure we had, and that figure was 1957, and 1958 would be higher; I don't know what 1959 would be. And there is the snag boat and overhead, to come up with a round figure of \$200,000.00. We would settle for \$170,000.00 if that will help the situation. That means if the dredging cost was \$170,000.00 and this could be applied to N.T.'s revenue on the general freight traffic, these rates are in line.



COMMISSIONER GAINER: Well, Mr. Grimble, I like this example, and I think it is useful. I would like to ask a question about it as long as we do not get dragged into dredging charges. I am always alarmed when that is done because we do not bring these in on highways or roads. As a rule we do not assume the carrier should be paying all the charges. This would assume a class 5 rate for everything, and the only reason this figure could go any higher than this total of \$2.07 a hundredweight would be to the extent that there is some l.c.l. freight enters into the movement, and to the extent that Northern Transportation or anyone else who might take it over could boost the rate. What did we agree on the last time, 30 cents below the Board of Transport maximum now?

MR. GRIMBLE: Mr. Gordon said those are the highest rates that are being charged.

MR. GORDON: This statement, I might say, was just drawn up more or less as a comparison. Now, on any part of the general traffic which is carload traffic the Northern Transportation Company would reduce their charge in both instances by 10 cents per hundredweight. I have used the regular rate.

COMMISSIONER GAINER: You say they were reduced?

MR. GORDON: By 10 cents per hundredweight regardless of whether the rate is \$1 or \$2 or 50 cents. That is their way of giving a reduction for



volume. They reduce it as long as the net after reduction is not lower than the 25 cents. For these revenue figures, without having their bills we cannot estimate their figures. If we do we are going to have a considerable margin of error without knowing what the general commodities were. For the sake of comparison, I take the actual published tariff rate without any reduction.

It was not my intention when Mr. Grimble asked me to prepare this statement to indicate that this would be the rate that Northern Transportation would charge. I do not know what Northern Transportation would charge, and I would want a lot more information than I have at the present time on what the Northern Transportation Company movements are as to commodities, in order to determine it. It was simply a matter of comparison in trying to arrive at some kind of comparison as to what reduction would be necessary, more or less on a percentage basis, by the Northern Transportation Company, assuming that the railways were going to insist upon their full class rate scale.

COMMISSIONER GAINER: That is what I am asking. I want to make sure we are working at the maximum.

MR. GORDON: I am not prepared to say that the railways would get their full class rate scale on a movement of that nature.

COMMISSIONER GAINER: The only way it could be higher than \$1.07 would be that l.c.l. freight is



included on the rail portion?

MR. GORDON: That is right.

COMMISSIONER GAINER: And in commodity or competitive rates it is bound to be lower?

MR. GORDON: Yes. If it were a carload or competitive rate it would be somewhat lower.

COMMISSIONER GAINER: Not carload -- just competitive?

MR. GORDON: There are carload competitive rates and l.c.l. competitive rates too, and that is on the basis of taking class 5. That was the scale we were using.

COMMISSIONER GAINER: And the \$1.00 per hundredweight that you quoted on the water rates is not the Board maximum?

MR. GORDON: No.

COMMISSIONER GAINER: That is \$1.30 -- do you happen to know?

MR. GORDON: I do not know, but it was in the British Columbia brief; it was quoted in their brief.

MR. FOUKS: One dollar to \$1.50.

MR. GUEST: That is for class 55, I think.

MR. GORDON: Yes, it was \$1.65 and it was quoted in the British Columbia brief. I would use that figure because I have used class 45 on the rail.

COMMISSIONER GAINER: That is the equivalent, isn't it?



MR. GORDON: It is an equivalent rate, yes.

COMMISSIONER GAINER: That is considerably below what might be charged if there were some sort of change in policy. What I am really trying to assess here is how far this can move, what the likelihood is of these things being achieved.

MR. GORDON: Well, I would point out that the rate from Waterways to -- I think I gave this example yesterday -- the rate from Waterways to Fort Chipewyan, which is roughly an equivalent distance from Peace Point to Uranium City, is quoted by the Northern Transportation Company as 50 cents per hundredweight, so you see there is a wide variation in their rates.

COMMISSIONER GAINER: What would be the Board maximum on the Chipewyan rate?

MR. GORDON: I could not say. That is one tariff I have not got in my files.

THE CHAIRMAN: How far is Fort Chipewyan from Uranium City?

MR. GRIMBLE: Fort Chipewyan to Waterways is 200 miles. It is the same distance as Peace Point from Uranium City.

THE CHAIRMAN: I see. From Waterways to Fort Chipewyan is the same as Peace Point to Uranium City?

MR. GRIMBLE: Yes.

THE CHAIRMAN: What is the rate ---



MR. GUEST: The fifth class rate is \$1.55 and the Board rate is \$1.45.

MR. GRIMBLE: And the actual charges are 50 cents, the fifth class rate is 50 cents.

MR. BALDWIN: Those are the figures that were given yesterday. One was on all river and the other was on the lake.

THE CHAIRMAN: The actual charge is 50 cents from Waterways to Fort Chipewyan, is it?

MR. GORDON: Yes. If you take a shipment today to the Northern Transportation Company of 100 pounds and ask them to transport that from Waterways to Fort Chipewyan they would charge you 50 cents.

THE CHAIRMAN: And if you want to go from Fort Chipewyan to Uranium City, how much would you pay?

MR. GORDON: Seventy-seven cents. You see, their tariff is -- this special class tariff of theirs is very effective. Rates are not based with any very good relationship to mileage.

MR. GUEST: They relate to cost.

MR. GORDON: That is a debatable point, whether they are related to cost or not. I am not prepared to accept the fact they are related to cost, and I would have to have it proven to me because I cannot see that the cost from Fort Chipewyan to Uranium City would be greater than the cost from Waterways to Fort Chipewyan.

THE CHAIRMAN: Mr. Gordon, you would like



some things proven to you and we also would like some things proven to us.

MR. FOUKS: What reasons would you give? Why would they do it?

MR. GORDON: It is something you have to ask the gentleman who drew up the tariffs.

THE CHAIRMAN: You have been making your fair share of assumptions, have you not? Would you not acknowledge the right of someone else to make a few?

MR. GORDON: I acknowledge the right of anyone, but I was asked the question why did I think it was that way and I don't know, because I can't figure out how they made their tariffs.

MR. FOUKS: Could you give any better alternative than costs?

MR. GORDON: I would not like to say without knowing all the conditions which are inherent in the two movements.

THE CHAIRMAN: What would you say to Mr. Baldwin's suggestion that perhaps the trip across the lake is more costly than the trip down river?

MR. GORDON: I am not an expert on costs of water transportation.

THE CHAIRMAN: Does anyone know about that or is that speculation on your part, Mr. Baldwin?

MR. BALDWIN: I am just relying on my recollection of a statement that was given somewhere in the proceedings with regard to this, and it stuck in my



memory. In assessing the cost for water transportation a higher valuation goes on lake transportation than on river transportation. It was only from something I heard during these proceedings, and when I heard these figures yesterday they stayed in my mind.

MR. BISHOP: Since we are all admittedly doing a certain amount of speculation here, it may be suggested that possibly the reason for higher rates on the lake operation on any trip, assuming that is correct, may be due to the greater danger of hauling boats and barges on the lake, boats and barges which have to be adapted to a river. If that is the case we will be very happy to find it so, because it certainly would increase the advantages of the Peace Point route over the Athabasca route.

THE CHAIRMAN: I suppose, Mr. Grimble, for about twenty years the same equipment has been used on the river and would be used on the Peace Point-Uranium City route?

MR. GRIMBLE: New equipment would be purchased for the movement from Peace Point to Uranium City, which would be better suited to lake traffic, but the equipment they now have would operate in both places. As new equipment came in it would be better adapted to lake procedure.

THE CHAIRMAN: Did you not suggest there was a lot of new equipment bought and is now at Waterways, and that equipment would be moved to Peace Point



because there is enough new equipment now to handle all the traffic going into Uranium City?

MR. GRIMBLE: But until the presentday traffic, either the traffic increases and new equipment is required, the new equipment would be better adapted to lake procedure.

THE CHAIRMAN: At the present time is it not so that there is enough new equipment to handle the Uranium City traffic?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And we should assume that is the equipment that would be used from Peace Point to Uranium City for quite a few years?

MR. GRIMBLE: Yes. Actually, I can probably save all this discussion by one factor which I think is the factor that prevails in this particular case. We were talking about the hazards of lake operation, and so on, but actually the time of travel from Waterways to Fitzgerald, 300 miles, is on the average of 34 hours, and the average travel time from Waterways to Bushell, which is 273 miles, is 30 hours. The time element is not a factor in an average case.

To go back to the answer to this conundrum as to why the rates are so much lower to Fitzgerald and Fort Chipewyan than to Uranium City, I think we might find it in the fact that for many years there was a water movement to Chipewyan and to Fitzgerald



which was in the order of 75 and 50 cents. The freight rate to Uranium City is of a newer variety and they ship on a higher scale, and they have been reluctant to raise the rate which has been in effect in previous years on the other line. You will notice that charge is in better proportion; what they can charge is in better relation to the charges, and the reason, I think, is over the years they have had this rate and have maintained it.

COMMISSIONER GAINER: Well, I had something I wanted an opinion on, and I could use a little more information on it. Perhaps I ought to ask Mr. Gordon this. We have used the \$1.07 figure which would be general freight carload. Now, to what extent would it be true to say that anything else in the product mix that is likely to move over that line would move at any higher figure than that other than l.c.l. general freight? In other words, may it be said that, speaking of special commodity movements, and thinking particularly of sulphur and petroleum products, they would not and could not move at anything more than that on a hundredweight basis?

MR. GORDON: That would be quite correct, sir, because the petroleum products are classified in the Canadian classification as class 45, and that cannot be exceeded. If my memory serves me right, I believe sulphur is class 27, which is 27 per cent of 100, whereas your class 45 is 45 per cent of 100,



so your sulphur would, in any event, be considerably lower.

COMMISSIONER GAINER: And would have to move ---

MR. GORDON: If there happened to be a carload or two of automobiles come up there their rate would be higher than the class 45 because they take a higher classification in carloads.

COMMISSIONER GAINER: What commodities of some importance could you mention other than automobiles? Automobiles come to mind as one that could move at a higher rate than \$1.07.

MR. GORDON: There are a number of articles which could move in carloads at a higher rate, conceivably, but -- for instance, tea is one which, according to the classification, is a freight class rating, but I cannot imagine a carload of tea being shipped into Bushell.



COMMISSIONER GAINER: Then thinking mainly of sulphur and petroleum products, mine equipment supplies and salt, food stuffs, all of these things would have to move at the 45 rate or less.

MR. GORDON: I heard one remark from the gallery about beer. I believe beer is 40.

COMMISSIONER THOMSON: How about furniture, Mr. Gordon?

MR. GORDON: Furniture could conceivably be higher than that, depending on the type of furniture. If it was over-stuffed furniture, chesterfield suites, I believe it could be higher, but other types of furniture would be at 45. It is pretty hard to generalize on furniture because there are different classes of furniture with various rates on them.

COMMISSIONER GAINER: We can almost assume, having some knowledge of the general product mix, that, to the extent that some of these commodities of importance will move at less than a \$1.07, this will leave a little more room for the water carrier to pick up.

MR. GORDON: If there was a much greater probability of products classifying at class 40 moving than anything higher than 45, and if there is a lower rate, it would balance and your class 45 would be a pretty fair average.

MR. GUEST: Mr. Chairman, some very essential commodities move at 50 - bread, butter, margarine, tea and coffee - and sulphur is class 45, classified



as class 45.

MR. GORDON: I think you will find a general commodity tariff reducing that rate.

MR. GUEST: It is a special commodity rate.

COMMISSIONER GAINER: It could move at class 45 in the absence of competition, and so on.

MR. GUEST: It could, but I would imagine if it could move it would move, and therefore I don't think it can move, because that is why I think it is moving at 70 cents, and I think the maximum they can get at Waterways is 70 cents.

THE CHAIRMAN: Mr. Bishop, the pretty large volume of discussion we had on freight to Uranium City seems to me to boil down to this, that the railways started off by telling us that they thought that they could charge \$600,000.00 for 110,000 tons of freight per year going from Waterways to Peace Point, which would be, presumably, valuable freight, because this was assigned as one of the reasons in favour of the proposed eastern route. You don't see how it is possible for that \$600,000.00 to be collected for freight going to Peace Point without increasing the freight rate to Uranium City, but you have been arguing, you have given us a number of reasons why you think it is possible that the freight rates over a line from Uranium City to Peace Point could be brought down low enough so that it would still be possible to carry the freight from Uranium City without increasing the



total freight rate to people in Uranium City.

MR. BISHOP: That is quite right, Mr. Chairman, which would mean that some part of the \$600,000.00 would accrue to the railroad.

THE CHAIRMAN: But you are not able to give any specific figures.

MR. BISHOP: No, we don't feel we can demonstrate just what that would be.

THE CHAIRMAN: But you hope there would be some profit if that situation were maintained.

MR. BISHOP: I presume they would, Mr. Chairman, because if there was no profit in it we don't think they would carry it. In other words, we always go back to the point that the present rate exists, the present route exists, and if the railroads and Northern Transportation or the railroads and a possible third carrier that Mr. Grimble suggested later - if the railroad and the carrier cannot meet the present rate, the shippers won't use the new route. If, on the other hand, the railroad can't meet the new rate without running at a loss, why, I submit, Mr. Chairman, that they obviously won't. If they can't get enough income to pay the extra cost, the extra out-of-pocket expense that they incur in carrying that freight, they are obviously better off not carrying the freight.

THE CHAIRMAN: The position you take is that you don't know whether the railroad would find it worthwhile or not to carry the freight from Uranium



City to Peace Point.

MR. BISHOP: No, we can't prove that they would. We have endeavoured to show the probabilities with our evidence, both on the expected savings in operation costs to Northern Transport, this chart which we have prepared at noon, and also our evidence of how carrying costs in general occur on the incremental part of a rail haul.

We might suggest at this point, Mr. Chairman, that in other places - I think Mr. Gordon can bear me out on this - the railroads have set up their own water carrier to carry a combined haul and have set a competitive rate, in which case it doesn't matter to them what the division of the rate is as long as the rate is competitive; and it is quite conceivable that the Northern Alberta Railways, if Northern Transportation preferred to stay at Waterways, could carry on a barge operation from Peace Point to Uranium City, in which case it would be, in effect, a spur line as far as they are concerned, and they would realize all of the revenue that was to be realized by carrying that extra freight.

We can't come down to actual figures; we are certainly not prepared to state a net income figure which would accrue to the railroad by this new method I suggest or in combination with Northern Transportation.

We should point out that a further indeterminate but important advantage of this particular type of traffic is that it is all backhaul to the shipment of



ore to Pine Point. In other words, as was discussed yesterday, the cars that carry general freight from Waterways on up to Peace Point would be attached to trains carrying empty ore cars, and, of course, the empty general freight cars would be attached to the trains carrying loaded ore cars coming down from Pine Point Pass to Peace Point, which again affects their additional costs which we feel are the important ones, the actual extra cost incurred by moving this freight, which we feel must be a comparatively small part of what you might term a fair share of the overall cost of running the railroad.

I think that covers our position on this, Mr. Chairman.

THE CHAIRMAN: Thank you.

COMMISSIONER THOMSON: Mr. Bishop, you mentioned the backhaul load. As we understood from a previous brief, the amount of ore coming out of Pine Point would be one train load every two weeks. Now, would that be sufficient to look after that Uranium City freight or not? Would that be sufficient? One train load every two weeks doesn't seem to be very heavy traffic.

MR. GRIMBLE: I would think that a train a week would be more in order when you figure the lumber haul. The outbound movements would be possibly in the order of a train a week, considering lumber as well and the ore, and this would be quite



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nicely balanced by the inbound movement. The only problem I can see is is that you might have the heavier inbound movement in the summer which might necessitate some cars which might not be tagged onto the end of an empty train.



MR. BISHOP: My lord, the extra remark I wanted to make before is to point out that one of the major differences so far between our statement and that of the railways is they appear to place more importance on the extra \$600,000 they would get out of this tonnage and we are undoubtedly listing the effect on Uranium City as one of the advantages. In other words, the fact that they have more possibilities of the way they can get freight. We are also listing as an advantage the possibility of the carrying of this freight because it is there to be taken if the circumstances are right. We are not basing our whole case on it or even an important part of our case on it, as the railways apparently did.

Now, this difference in emphasis makes a lot of difference to the arguments.

THE CHAIRMAN: Well, can we go on with the brief now, Mr. Bishop? You had read the first paragraph on page 35 and we decided there was no need to read the schedules you had set up there.

MR. BISHOP: Agricultural produce other than grain is best moved by highway transport. Where established farming communities are served by both rail and adequate highways, no railway tonnage other than grain is of any significance. An example is the 110 miles of railway from Edmonton to Whitecourt.

Assuming that one quarter of the approximately



2,000,000 bushels of grain shipped from Grimshaw annually originated north of Grimshaw along the route proposed for the railroad, the gross revenue to the railroad resulting from such shipments would amount to no more than \$5,000. The gross revenue from livestock shipments would be no more significant than that for wheat. Thus the total gross revenue that might be realized by the railroad on the southward bound movement for this portion of trackage would not exceed \$10,000. Assuming that the American rates are based on a reasonable return for grain haul, rail shipments of grain through Grimshaw would result in a loss of at least twice the gross revenue, since American rates are at least three times as high as Canadian.

THE CHAIRMAN: Should that last statement not be struck out? You are assuming there is a loss on grain shipments. As I understand it your associates or experts in these fields are willing to consider that grain is hauled at a loss.

MR. GRIMBLE: Possibly we are back to our half cent a ton-mile again. Mr. Bishop prior to lunch pointed out there is quite a different situation between the railway having to haul wheat and the situation where they have a back haul where they can establish a rate and ---

THE CHAIRMAN: Whether they have to or not, do you maintain that? If you do, then that is



fine. That is, that the hauling of wheat at half a cent a mile is at a loss. Mind you, if they have to haul it there is no difference in the profit and loss statement if they haul it as a matter of choice.

MR. GRIMBLE: Except they have to put on special trains, provide terminals and they have a rate established whereon a haul such as back to Peace Point -- if they do not want to haul it they would set a rate that would discourage it and would not have it. If it was a back haul it would be much better instead of running a special train, shipping in the direction the traffic is moving, the ore is moving. Here they are required to haul cars on a southbound train. I was going to refer to Mr. Guest's comment that the railways are thinking of asking for a one cent per mile for grain.

THE CHAIRMAN: I put my suggestion the wrong way. I was merely asking if you still want to maintain that grain is carried at a loss. I thought you had qualified that, but I take it you are not qualifying it. You are taking it that grain is hauled at a loss.

MR. GRIMBLE: In this case it would be a matter of defining what is a loss, and it is a big step and I do not want to get into it.

THE CHAIRMAN: You do not want to get into a discussion of a statement like that, and the statement remains in your brief, although you do not want to discuss it?



MR. GRIMBLE: I think we would have to bring in some experts to discuss it, if you wanted to pursue it further. I think we should go out and arrange for experts.

THE CHAIRMAN: You want it left in the brief but you do not want to discuss it?

MR. GRIMBLE: If you want to deal with it in greater detail I think we can do so, but I do not think it is pertinent to the study.

THE CHAIRMAN: It strikes me that it is pertinent because if the railway is built certainly the grain will be hauled over it. Now, if it is going to be hauled at a loss it certainly is a consideration, is it not?

MR. GRIMBLE: Then we might look at the significance in terms of dollars. It really amounts to, I think, \$5,000 or \$15,000 or some figure of this order, but we are really looking at it in the overall picture of something many, many times greater than this. I really do not think it warrants ---

THE CHAIRMAN: But the suggestion has been made that perhaps a good deal of agricultural land may be opened up?

MR. GRIMBLE: The argument may be this could double the profit with the agricultural land available and we would double \$15,000 or \$30,000, and still would not have a subject big enough to devote our time to.

THE CHAIRMAN: You think it is not of much



significance?

MR. GRIMBLE: No, sir, it is a \$15,000 revenue or a \$15,000 loss and I do not think it is significant.

MR. BISHOP: Even if the area north of Grimshaw can be made to produce double the present amount of grain, the result will be merely to double the loss to the railway if the present rates are maintained.

The Peace River area of Alberta and British Columbia, except for grain, do not produce all they need to support their present population. One of the serious drawbacks to livestock raising in the Peace River area is the lack of water for livestock since wells are not readily found and many of the small streams are intermittent. Moreover, a large part of the Peace River Block and the portion north of Grimshaw is almost all a grey wooded soil, the yield from which is approximately three-quarters of that obtained from the Parkland soil in other parts of Alberta. Also, the quality of the wheat produced is lower, having a lower protein content.

Without building railways to open up a new marginal agricultural land, Canada can produce on the present acreage more than enough grain to meet domestic and export demands.

There is a potential coarse grain area of roughly 1,000,000 acres on the Waterways-Pine Point route, which could be developed, if at some time it should become economically feasible to do so.



THE CHAIRMAN: Just stopping there for a moment. I think you are in direct conflict with the position taken by Mr. Baldwin?

MR. BALDWIN: Yes, I do not know whether it is of value, but it is a matter I was definitely going to deal with ultimately, but whether I should now, or not --- would you prefer I make any comment I have to make later? For instance, the statement:

"The Peace River area of Alberta and British Columbia, except for grain, do not produce all they need to support their present population."

On the basis of the tremendous amount of livestock which is produced and shipped out to Edmonton and Vancouver alone, that is a statement which automatically could be taken as incorrect. If you prefer me to go on, this will take considerable discussion if I go through it point by point, and it might be preferable for me to deal with it when I have an opportunity later by way of taking firm and complete issue with a large part of the statements made.

THE CHAIRMAN: What about the question of the lack of water for livestock, Mr. Grimble? Have you any authority for that?

MR. GRIMBLE: Dean Bentley's letter in the British Columbia brief.

THE CHAIRMAN: Dean Bentley has said that?

MR. GRIMBLE: In the British Columbia brief.



MR. BALDWIN: There is no question that water is more of a problem, so far as livestock raising is concerned, in the Peace River country, but not to the extent that it has prevented the growth of a substantial livestock industry. I think the Commission will recall at Peace River I showed you the table which indicated from 1951 to 1956 the cattle population doubled, and I am confident the next census will show a substantial growth. You may recall Mr. Anderson, the Superintendent of the Experimental Farm, in giving statistics as to the number of farm units, I think he gave an average cattle population of 10 point something. Those are all indications.

THE CHAIRMAN: Now, you rely on the letter Dean Bentley wrote, which is in the British Columbia brief?

MR. GRIMBLE: I have read a good many references to this problem, the climate, the food, the water, the flies, etc., in various publications, but the one I had most readily available was Dean Bentley's.

THE CHAIRMAN: It is his letter that sets it out in the way in which you are relying upon it?

MR. GRIMBLE: Pardon?

THE CHAIRMAN: His letter sets out the matters you are relying on for your statements here; is that so?

MR. GRIMBLE: I can find other sources of



reference if you like, but there is the one readily available.

THE CHAIRMAN: I think we would like to know what you rely on because certainly there is a conflict of opinion here, and you are not an agricultural expert, are you?

MR. GRIMBLE: No. I will have to quote from various sources and Dean Bentley's is the one that is handiest.

THE CHAIRMAN: If you have any others we would like to see them. You do not have to read them now if they are already in the record.

MR. GRIMBLE: Dean Bentley's is in the record and I can get more for you, sir.

THE CHAIRMAN: All right.

MR. BALDWIN: May I just say I was looking at Dean Bentley's letter and he makes the point that some areas lack a source of well water suitable for stock and this necessitates dugouts or reservoirs. Now, a substantial number of these dams and dugouts have been constructed, and can be seen visually, to provide a source of water which makes up for the fact it is well known that it is not as easy to find water there in the normal sense as in other parts of the province. It simply means a substitute has been successfully used in connection with cattle raising.

MR. FOUKS: It starts at page 26 of the British Columbia brief and the note is on page 27 at



the bottom of the page.

MR. BISHOP: Mr. Grimble would like to add a little on the agricultural aspect.

MR. GRIMBLE: I would like to read a paper given by Dean Bentley last January at the Alberta Resources Conference.

THE CHAIRMAN: Are the proceedings of that conference published?

MR. GRIMBLE: Yes, and this is one of the papers. There were a good number of papers on forestry and other subjects such as agriculture.

THE CHAIRMAN: The page number?

MR. GRIMBLE: Page 4 of Dean Bentley's talk:

"Most of the undeveloped land is in the wooded region and almost all of that land has grey wooded soil. The natural fertility of these soils is comparatively low and their successful use requires superior farming skill and considerable capital. At present (1958) it costs about \$35 per acre to clear and break this land and to prepare it for seeding. Moreover, such land occurs at or beyond the fringes of present settlement where problems of communication are maximized and where costs of providing social and other community services are highest. For the most part the climatic hazards are greater in these areas than they are in the settled parts of the province."



A little further on he says:

". . . it is clear that, with the present economic situation in agriculture, very little more of Alberta's grey wooded soils can be profitably developed for agriculture at this time.

"In a brief submitted to the Gordon Royal Commission on Canada's Economic Prospects the Alberta Institute of Agrologists further questioned the wisdom of expensive development of Alberta's grey wooded soils in the next few decades. The brief proposed that when there is a demand for increased agricultural development in Alberta most of the demand may be met a lower cost of production by more intensive use of already occupied areas."

Then he goes on to talk of irrigation.



In conclusion, he states: "Alberta is very richly endowed with agricultural land. There is a substantial acreage of potentially irrigable soil in southern Alberta and some millions of acres of potentially arable soil in the wooded region of the province. However, it is probable that the extent and quality of these areas has been seriously over-estimated in the past".

MR. BALDWIN: While we are on that point, may I read the brief that has just come in. Remember you asked Mr. Brownley to submit an addendum to the brief which was presented, and I just read it a few minutes ago, because Mr. Grimble referred to the Gordon Commission and the submissions made to the Gordon Commission, the findings of the Gordon Commission, and I am quoting from page 5 of the supplementary brief.

"Most of the agricultural land in Western Canada that is not yet in farms is to be found in Alberta and is located in the Peace River District and in the gray wooded soils region that lies north of a very fertile black soil region. It seems not unlikely that as much as three million acres of this land will be added to the area in farms by 1980".

MR. FOUKS: Mr. Chairman, just for convenience only, what has been read out by Mr. Grimble is quoted in the British Columbia brief. Dean Bentley doesn't change his views, and the whole con-



text is indicated in the brief, and that is why we have put it in our addendum completely.

MR. BISHOP: We would like to put this in as an exhibit, Mr. Chairman.

--- EXHIBIT NO. 52 (s) Soil - C.F. Bentley.

MR. BISHOP: Now, Mr. Chairman, since it has been pointed out that Dean Bentley's remarks are partly in connection with a submission to the Gordon Commission, I would like to have Mr. Grimble read some excerpts from the Gordon Commission report, that is the results rather than the submission.

MR. GRIMBLE: These are from the final report of the Gordon Royal Commission, chapter 8 on agriculture.

"The general conclusion which the - -

THE CHAIRMAN: What page is it?

MR. GRIMBLE: Chapter 8, sir; I haven't the page number.

THE CHAIRMAN: Are you reading the whole of chapter 8?

MR. GRIMBLE: I will interrupt the paragraph and read the quotation. I thought I might summarize it with a sentence or two.

The general conclusion that the Gordon Commission arrived at is that any increased demand for wheat will and should be met by intensified use of present land and further that nothing should be



done by governments to encourage increased production through increased land settlement.

Then there is a page or two of quotations from the Gordon Commission, three pages, which bear this out. The report covers agriculture's special characteristics, as compared to other industry. The following quotations may be of interest.

"Perhaps the most fundamental difference is that there is a relatively inelastic demand for its (agriculture's) output. There may be little limit to the amount of chrome a man may want on his automobile, or to the frequency with which he can be persuaded to change it. There is a limit to the amount of food he can eat - put in economic terms, that is to say the income elasticity of demand for farm products as a group is relatively low. Closely related is the fact that the price elasticity of demand for many farm products is likewise relatively low. A drop of 10 per cent in the price of potatoes will result in little increase in consumption, while a similar drop in the price of television sets may clear out all the surplus stocks that dealers have on hand".

A further argument is offered in this same section to show that the demand for wheat in highly developed countries is quite inelastic - "but the inelastic demand for wheat in highly developed countries also needs to be stressed. In North America, for example, per capita consumption of wheat has been



declining since the turn of the century, and the demand for it now contracts with rising incomes more than for any other food stuffs, with the exception of potatoes, dry peas and beans, and salt sides and lard".

After a complete examination of the domestic and export demand for wheat, the Commission concludes as follows:

"That would mean that over the short run, while there is stiff competition in disposing of surplus stocks, we might not be able to export more than 220,000,000 or 250,000,000 bushels annually, but that over most of the next two or three decades our average annual exports should run between 255,000,000 and 300,000,000 bushels. At that rate, total requirements of Canadian wheat from both external and domestic sources might amount to between 370,000,000 and 415,000,000 in the immediate period of heavy surpluses and to between 435,000,000 and 480,000,000 over the longer run".

I might point out that the production of wheat in the 1952-3 crop year was 701,000,000 bushels.

In view of the fact that Canadian export of wheat and wheat flour ran as high as 330,000,000 in 1951, the Commission expects Canada only to be able to get up near this level. For this reason they make the following statement:

"The implication which we shall endeavour to develop later appears to be that Government policy



towards agriculture should avoid aggravating the danger of over-production that in our opinion may well be present over most of the period that we have to consider". That is 1985.

MR. BISHOP: 1980.

MR. GRIMBLE: Under the heading "How Demand and Will Be Met", the Commission develops the idea that rising demand for all agricultural products will be met by intensified use of land already in farms. The following quotation is interesting:

"Instead, rising demand will be met by intensified use of land already in farms to make it yield a higher output per acre. This will be the principle response of Canadian agriculture to rising demand, we feel sure, partly because modern social attitudes have greatly increased the cost of land development, and partly because modern scientific advances have greatly widened the opportunities for intensified land use. Nowadays there are few pioneers who are willing to go into the bush with an axe and a team of oxen to clear a little land this year and a little more next year until they have a holding of respectable size; and there are few governments willing to run the risk of having them become a public charge if the venture fails. As a result, roads, schools and other community services have ordinarily to be provided before a new area is opened for agricul-



tural settlement, soil surveys have to be made in order to avoid attempts to farm sub-marginal lands and government assistance ordinarily has to be provided to help in clearing the new farms. All this is expensive -- in most cases so expensive that it would be cheaper to obtain an equivalent additional output through the more intensive use of land in areas already settled."

The Commission then reviews a number of ways in which intensification of land use can come about, which include reduction of the amount of land under summer fallow, irrigation, and technological development.

THE CHAIRMAN: This is your own statement?

MR. GRIMBLE: I am just putting in a sentence to summarize what I am going to say. With regard to technological development, they state:

"Capital would be used more economically in most circumstances, it would seem, to finance the application on settled and developed land of new technological developments to increase agricultural output; and, indeed, we expect this to prove the principle method by which land use will be intensified over the next 25 years".

It further states:

"It would seem that over the past 25 years the physical volume of agricultural output in Canada grew by some 30% to 40%. This increase was achieved with a smaller labour force and without much develop-



ment of new agricultural land. We would anticipate that over the next 25 years agricultural output may grow by perhaps 65% to 70% and that this growth will be accompanied by only a very slight increase in the acreage of land in farms and a further substantial decline in the farm labour force."

In the section of Agricultural Policy, the Commission cannot see that external demand for agricultural commodities will be very lively, but they do expect domestic demand to rise steadily. They see little development of new land and make the following statement:

"We would doubt the wisdom of large scale programs to extend the geographical limits of agricultural settlements".

The Commission is also not enthusiastic about irrigation programs and make this statement:

"We would be hard to convince that Canadian agricultural as a whole is likely to benefit from the investment of large amounts of capital in monumental irrigation schemes, - as is well known, there has been much discussion of the probably cost and value of altering the physical environment of some parts of the Prairies through large scale irrigation schemes. We have not felt obliged to assess such projects in detail. Insofar as they are designed to augment such sources of hydro-electric power, we can see that at some point they may be needed".



This is just a note here: Although this is contrary to the present government policy, we might well argue that the benefits to be derived from the Saskatchewan Irrigation Scheme will quite definitely preclude any further agricultural development north of the Peace River.

A final point possibly lies in the fact that approximately the last three pages of the section on agriculture deal with the marketing of wheat and it is interesting to note that in a table in this section, Canadian wheat production for the 5 year period, 1951 to 1955, is shown at 534,500,000 bushels annually against the Commission's estimate of a maximum of 480,000,000 required from both external and domestic sources. The answer is of course obvious as the Commission concludes that wheat acreage will have to be curtailed unless we experience crop failures.



THE CHAIRMAN: Will you file that as an exhibit? What did the Gordon Commission have to say about the increase in population?

MR. BALDWIN: That is set out in Mr. Brownlee's adendum. The paragraph I read was from the Gordon Commission Report, and before that Mr. Brownlee says:

"At page 107, dealing with the estimated population of Canada, it gave the following forecast:

"1960 -- 17,510,000

"1965 -- 19,520,000

"1970 -- 21,640,000

"1975 -- 23,990,000

"1980 -- 26,650,000."

I am assuming that Mr. Brownlee was quoting from the Gordon Commission's Report.

THE CHAIRMAN: So the figures that Mr. Brownlee has relied on in calculating population are the figures that the Gordon Commission has set out?

MR. BALDWIN: Yes, that is right. He precedes his quotation from the Gordon Commission Report by saying that the Gordon Commission felt that three million acres would be brought into cultivation in 1980. Those are the same figures Mr. Harper gave.

THE CHAIRMAN: Do you say that Mr. Brownlee's brief quotes the Gordon Commission as saying that an additional three million acres will be under cultivation?



MR. BALDWIN: That was a quotation I gave from the Gordon Commission finding and that includes this categorical statement:

"It seems not unlikely that as much as three million acres of this land will be added to the area in farms by 1980."

The land they are referring to is the land north of the black soil, referring to the grey wooded soil.

COMMISSIONER GAINER: This is not a recommendation, it is just a statement of the likelihood?

MR. BALDWIN: Yes, their statement after having referred to the population. He then referred to these farmlands. I think probably the Commission will recall when we were at Peace River I referred to a somewhat similar estimate made by the United States Department of Agriculture. I think their figure was by 1975 they estimated they would require the equipment and the production of 150 million of new acres in order to maintain the present balance. They thought that five-sixths of that, or the equivalent of 125 million, would be obtained as Mr. Grimble has just suggested, by means of increased technological improvements, new farming methods, and so on, but the 25 million acres, new acres, would have to be added. I think that is the same principle here. The Gordon Commission say most of the increase in food which will be required will come from intensified measures of farming, but I am just assuming that. They then



go on to say:

"It seems not unlikely that as much as three million acres of this land will be added to the area in farms by 1980."

MR. BISHOP: Taking the quotation from Mr. Brownlee's supplementary brief in conjunction with the quotations Mr. Grimble has just read to you, I think we should point out that the quotation in the brief says "It seems not unlikely". As Mr. Gainer suggested, this is not a recommendation. All the other quotations would seem to indicate that the Gordon Commission felt it was not even desirable that the government should take any steps to see that any new acreage was opened up. This quotation indicates that they think that some probably will be opened up but that does not mean they suggested that it should be or that it is even a good thing.

I would submit, my lord, that at the time the Gordon Commission Report was written they recommended against the government taking any action that would open up any new farmlands and against any new irrigation schemes.

As we know, the South Saskatchewan dam project has gone ahead in the meantime, which would seem to make even more strong their feeling that any other land should not be opened up.

MR. BALDWIN: I do not want to continue this ad nauseum and I do not know how authoritative



Time Magazine is, but I see in the last issue of the business section it says:

"Butter surplus, once so mountainous (467 million pounds in 1954) that it seemed permanent, has been eliminated. Agriculture Department allocated 20 million pounds to school lunch programme. Government will still buy butter, give it away to schools and welfare groups as production increases next spring, but grand scale surpluses of past years are unlikely to recur. Reason: overall milk production has failed to increase in proportion to consumer demand."

That is the point I am trying to make, that outside of wheat that is the sort of thing I suggest we may well anticipate.

MR. FOUKS: So you will not think I have gone asleep on this particular point ---

THE CHAIRMAN: We never expected that you would, Mr. Fouks, or anyone else. Perhaps we should interrupt Mr. Grimble's brief.

MR. FOUKS: I have been advised that livestock was imported into Canada from the United States into the Toronto market last week. That is cattle, not hogs.

COMMISSIONER GAINER: For breeding purposes?

MR. FOUKS: No, for slaughter purposes. I can get the exact figures for the Commission if they



are interested.

MR. BISHOP: Is it probably not true that during the same period it was being exported to the United States from Western Canada?

THE CHAIRMAN: Have you something further on agriculture?

MR. GRIMBLE: Two small points. We thought we might like to show the significance of a railroad to an agricultural community by comparing an area 110 miles north of Grimshaw with the territory 110 miles west of Edmonton to Whitecourt. These are quite similar, they are grey wooded soil. There is lumbering out on the Whitecourt line and there is a new highway to serve the area, and the figures for traffic from that line might be of interest. These are the shipments from Whitecourt to Sangudo line inbound to Edmonton over a 12-months' period. There was 1,379,000 bushels of wheat and 5,151 tons of crude oil. I think what happened was they were testing the wells at Whitecourt.

THE CHAIRMAN: How much wheat?

MR. GRIMBLE: I am sorry, it is not wheat, it is grain, various grains, 1,379,000 bushels of grain.

THE CHAIRMAN: Crude oil?

MR. GRIMBLE: They were probably testing the wells and that has accounted for the tonnage of crude oil at 5,151 tons. Lumber was 12,000 tons; pulpwood, 12,852 tons; livestock, 8 tons.



THE CHAIRMAN: Just eight tons?

MR. GRIMBLE: Eight tons.

COMMISSIONER GAINER: What was the second last one?

MR. GRIMBLE: Pulpwood, 12,852 tons.

THE CHAIRMAN: What was that period?

MR. GRIMBLE: A 12-months' period from July last year to July this year. Then, there was one further point on agriculture. We have been endeavouring to summarize for your benefit this publication regarding soil and the agricultural potential of the area near Fort Smith in the Slave River delta.

THE CHAIRMAN: Was that referred to before?

MR. GRIMBLE: Yes. The very first day we referred to this publication and we said we would summarize it for you.

COMMISSIONER GAINER: That is the Leahey report?

THE CHAIRMAN: It will take a little while to do that, so I think we will adjourn for five minutes.

---Short recess.



MR. FOUKS: Mr. Chairman, I wonder if I may just make one statement before proceeding to the next section of the Edmonton brief. This comparison of Whitecourt livestock is one where I would like to suggest a difference of approach. Mr. Grimble indicates that there were 8 tons of livestock coming from Whitecourt to Edmonton. It is noteworthy that from Hines Creek area to the City of Vancouver there are approximately 2,912 tons of hogs alone going from that area to Vancouver, which is a far spread from 8 tons. So the comparison is incorrect.

MR. GRIMBLE: How often does it go?

MR. FOUKS: Every week. There are 6 to 8 cars of hogs going per week from that area. Whitecourt is within trucking distance of Edmonton.

MR. GRIMBLE: The answer, of course, is that a good highway from Hines Creek to Vancouver, I think, would change that movement.

MR. FOUKS: I am afraid that would be impossible, Mr. Grimble, I am sorry. I know the livestock business pretty well and I know that it would be pretty well just impossible.

THE CHAIRMAN: There are some figures, aren't there, that we have been given dealing with livestock that comes from Grimshaw to Edmonton now?

MR. FOUKS: The railroad gave us some figures, but they were incomplete.

COMMISSIONER GAINER: Did we ever get the



livestock trucking figures from the Peace River area?

MR. FOUKS: I haven't got the trucking figures. I can get the figures of the livestock by rail from that area.

THE CHAIRMAN: I have heard very casually a bit about the livestock from the Grimshaw area into Edmonton, not in quantities but something to the effect that it is trucked into Edmonton at times.

MR. BALDWIN: I didn't make exhaustive inquiries or in regard to tonnages, but I referred first to the areas of Grande Prairie and Valley View, where, because of the long haul round by rail, a very large percentage of the livestock which was some years ago hauled by rail is now hauled by truck, and the long haul round has definitely established that in that area Mr. Rotstein was quite correct, and, insofar as the Hines Creek area is concerned, that is not the case. There are movements by truck at Grimshaw and even north of Grimshaw there may be cases where a farmer might have a truck load, where it would be a workable arrangement for a custom hauler to come to his place and pick up a load and truck it into Edmonton. I have nothing to indicate that this is a portionable amount. I saw the Saturday weekly stock train going across the river and I counted 18 stock cars on it. I didn't get close enough to see if they were all fully loaded but that would be the last place they would pick up before Edmonton. There were 18 stock cars last Saturday.



Now, that is the situation as I can give it to you, that there is some trucking of livestock, particularly from the Grande Prairie and Valley View areas; some from Grimshaw, but a substantial part of the livestock is being taken out by train, as far as I can find out, particularly in the case of the small farmer who has 6 or 8 to haul.

THE CHAIRMAN: The railways gave us some figures. There were some, Mr. Grimshaw, as far as I can recall, a fairly substantial amount of livestock that came from Grimshaw by train.

MR. GRIMBLE: There is a fairly substantial movement, and I was about to say that the highways are taking over more and more. But I think that with the change in the highway loadings to 72,000 pounds gross from the present 56,000 pounds gross, and with the completion of a paved highway from Edmonton to Grimshaw, there would definitely be a trend towards a truck movement of livestock, particularly over the NAR, and it travels much faster, saves the need for watering and handling, and since the farmer has to haul it into the siding and it has to be rehandled and reloaded, that there is a considerable loss of shrinkage directly from the farm to stock yards, and throughout the part of Alberta that has good highways, the railways are taking up their stock yards and stock pens and the trucks are taking over the traffic.

I might refer to the long haul picture. From



the August, 1959, Financial Post is the headline: "Haul Beef by Truck, Claim Speed, Savings."

Look for long-haul beef trucking over Canadian roads gaining impetus in the future.

The big factor: Speed. Truckers can make it in three days compared to seven days by rail.

Last week, a truck took a full load of beef and stock cattle from Calgary to Kitchener and Toronto and make it in that time.

George Winkelaar, general manager of the Alberta Livestock Co-op, one of the four major livestock dealers operating out of Calgary, says the time saving in hauling opens up new avenues for truckers.

J. Clifford Wheatcroft, Calgary livestock broker who does a \$15 million-a-year business, more than 90 per cent with eastern Canadian interests, is sold on the idea.

So are trucking firms, Cooper's Transport, Calgary and Lethbridge and Coastline Motor Freight, also of Calgary.

Wheatcroft told FP:

'The cattle are unloaded in Winnipeg where they are fed and watered and when they arrive in Toronto they are in good shape. Besides other costs, the saving on shrinkage is about 3 per cent per head.'

Why truckers like it:

They're handling live cargo (22 to 40 head) which doesn't require much handling.



'The cargo just moves itself on the truck' says one trucker, and 'leaves at the destination point'.

They can charge the same or less than the rail (\$2.99 hundred weight) and offer speedy service to boot.

It gives them a chance to add more business by taking goods west from Eastern Canada (The trucks are scrubbed and cleaned and converted to ship other goods).

Trucking cattle over short distances is quite common, but trucking livestock over long distances (Calgary to Toronto and to Vancouver) is a comparatively new innovation.

It was a question of economics. Federal law states that cattle in transit have to be unloaded, fed and watered every 36 hrs.

Now with good roads and better and faster trucks" - I might add bigger trucks - "costs for extra-stoppages have been reduced and in some instances eliminated.

Bud Boyes of Coastline Motors recently took a load of cattle from Calgary to the Pacific Coast in 29 hrs. compared to 36 hrs. by rail".

Here is another article regarding packing firms moving cattle from Calgary. Pacific Meat and Burns and Company are moving cattle to Vancouver by truck. They are trucking cattle from Calgary in an attempt to cut beef prices.

MR. FOUKS: I can add a post-mortem to that, if you like. 24 head of cattle were taken to the



City of Vancouver a week ago Friday and 6 arrived dead as a result, and the S.P.C.A. have applied for an injunction to stop trucking cattle into Vancouver.

Whether the injunction was successful, I can't say; I had to leave town. That is a far greater percentage than had ever arrived in the City of Vancouver, according to the statistics in the newspaper report. I will bring the report, if you like, the next time I return to Edmonton.

THE CHAIRMAN: If you think it is relevant.

MR. FOUKS: Only in respect to the long haul, Mr. Chairman.

MR. BISHOP: Shall I submit these clippings as an exhibit, Mr. Chairman?

THE CHAIRMAN: Yes.

--- EXHIBIT NO. 52 (u): Newspaper clippings.

--- EXHIBIT NO. 52 (v): Newspaper clippings.



THE CHAIRMAN: I think you said, Mr. Grimble, that there appears to be an increase in the amount of livestock that has been handled on the railway from Grimshaw over the last year or two but you believe as the road is hard-surfaced between here and Peace River that the trend will be in the other direction?

MR. GRIMBLE: Yes, I am thinking of the increased load as another factor. This will be bigger than the 72,000-pound cars.

THE CHAIRMAN: The increase comes with the pavement, does it not?

MR. GRIMBLE: With the completion of the highway, yes.

THE CHAIRMAN: Have you any more questions on agriculture? We will go on, then, to fisheries.

MR. BISHOP: There is presently a fishing industry on Great Slave Lake operating out of Hay River with production of approximately 4,000 tons per year, handled by truck down the Mackenzie Highway. Since the truck haul rate as a back-haul is quite reasonable and convenient, it is doubtful if much of the traffic would switch to rail, should a railway be built. The hauling revenue involved is not a major factor, and since the Great Slave Lake fishing industry is producing almost a full quota, any railway share of the haul would not be appreciable.

The eastern route, however, would tap the fishing industry of Lake Athabasca that has now



neither outlet by highway nor winter access.

Mr. Grimble will read a letter in connection with this.

MR. GRIMBLE: I might say a word or two about the fishing industry and its transportation. The catch in the winter for 1958-59 from Great Slave Lake was 1,781,000 pounds. The railways in that same period from Peace River, apparently the fish-haul is loaded from Peace River rather than Grimshaw, the rail-haul is 60 cars during that period or approximately the total catch. It would seem as though in the winter time fresh fish are better shipped by rail. There is no problem of icing, and so on, and it appears from this that the winter haul is to Peace River and all loaded into the rail. The records for this summer up to September 12th, indicate that 3,604,475 pounds of fish were landed. This is not the final figure, because there was another week of fishing after this, perhaps two weeks after this. For this, there were 2,800,000 shipped from Peace River by rail, indicating that one million pounds was trucked either to Edmonton or right through to Chicago.

COMMISSIONER THOMSON: Did I understand you to say three million pounds of fish, or is that the weight for the fish, boxes and ice?

MR. GRIMBLE: It is fishery data, so I imagine it is pounds of fish without the boxes or ice.

COMMISSIONER GAINER: You mentioned the



question of back-haul here. I do not know enough about this, but is it the practice to haul the fish back south in non-fish company trucks? They use a common carrier?

MR. GRIMBLE: Yes, a common carrier. A lot of private individuals have trucks that haul fish from Hay River now.

COMMISSIONER GAINER: But who also haul general merchandise north; is that it?

MR. GRIMBLE: I do not know whether refrigerated trucks are available, but perhaps they haul perishables north in refrigerated trucks and bring the fish south. I am not certain of that. The significance as far as the railway is concerned is well illustrated by a letter from McInnes Products, which I would like to read. I discussed this with Mr. Schlader of McGinnes, and went over the map with him, because he was not familiar with the Peace Point possibility or the rail connections. His letter reads:

"Further to our conversation of last week in which we discussed the merits of the railway to Great Slave Lake as it relates to the fishing industry, the following are the factors relating to this aspect of railway as we see the situation.

"The fishing industry is now served by truck traffic out of Hay River. The truck haul is from Hay River to Peace River where the fish is loaded into N.A.R. refrigerated cars,



or the fish is hauled from Hay River to Edmonton where it is loaded for direct shipment to the Chicago markets. There is also fish trucked from Hay River right through to Chicago.

"The advantage of truck haul compared to rail haul, particularly on a branch line operation, is the fact that when the boats bring in the catch (and this may be at any hour of the day or day of the week), it is necessary to have the facilities available for immediate shipment. It would not be practical for the railways to meet this demand on a branch line operation such as is visualized for Hay River. Conversely to this, the trucks are available on call and can be quickly loaded out and the loads dispatched to the market.

"The trucking rates now being used are all-inclusive rates and cover the total cost of the movement to either Peace River, Edmonton or Chicago, whereas with the rail movement there is usually added additional charges such as switching, re-icing, etc. Thus a comparison in rates is not always a true picture of the savings that might be effected by rail rates over truck rates.

"In our estimation, the rail service to the fishing industry of Great Slave Lake would not be a major factor in our operations.

"A rail service to Peace Point might fit to a small degree into our operations on Lake



Athabasca since at the present time a long water haul up river is required before transshipment at Waterways. The situation at Peace Point would be an improvement due to better navigational conditions, and shorter up-river movement and since presumably this would be on the main line and not a branch line, the service would be regular enough to result in better service than branch line service to Hay River."

THE CHAIRMAN: What is meant by that statement that you just read?

MR. GRIMBLE: You see ---

THE CHAIRMAN: The reference to the main line?

MR. GRIMBLE: Yes, I was going to point out that the movement of trains from Waterways to Peace Point to Fort Smith to Pine Point would be a main line movement. It would be a main line operation of the ore cars and all the trains that were going to Pine Point, of course, would go from Peace Point, would go through Fort Smith, unless there was a spur.

But, if our assumption is right, there would probably be two trains a week and the trains would go past Peace Point whereas Hay River, if it is a spur such as that and there are two trains a week to Pine Point, possibly one train a week to Hay River, or less, the traffic out of Hay River would probably



be in the order of 40,000 tons a year, and this would be a spur line, branch line, operation once a week.

THE CHAIRMAN: The spur line he talks about is 40 miles long?

MR. GRIMBLE: It is 40 miles.

THE CHAIRMAN: From Pine Point south he refers to as a main line?

MR. GRIMBLE: Yes, sir.

"In our opinion the fishing industry in Great Slave Lake and Lake Athabasca is now fished nearly to the total quota allowed and little increase in this can be expected even with rail transportation. This applies particularly for Lake Athabasca. In fact, it is doubtful whether the market would justify any increase in production from either Great Slave Lake or Lake Athabasca at this time.

"Improved air transport from Yellowknife or Uranium City may be the answer to the economic transport of fish in the future with the advent of bigger aircraft with lower operating costs that could take the fish directly to the eastern markets, and thus rail transportation will play an increasingly minor role in serving the fishing industry of the north."

COMMISSIONER GAINER: There is no fishing season in the winter, presumably, on Lake Athabasca?

MR. GRIMBLE: There is only a small fishing



industry. Some people from Meadow Lake, Saskatchewan, have tried it for a few years, but it is a small development. McGinnes tried it but gave it up.

COMMISSIONER GAINER: Is that because of transportation that they do not fish in the winter commercially now? What I am getting at is, if there was access to rail there would there likely be a winter fishing season developed on Lake Athabasca?

MR. GRIMBLE: I could not answer that. I think there are difficulties in winter fishing in any case.

COMMISSIONER GAINER: Well, they do it on Great Slave.

MR. GRIMBLE: Yes, they do, but the lack of transportation is probably the answer to the Lake Athabasca fishing. It is a small operation that is going on now.

COMMISSIONER THOMSON: How many tons do they get out of Lake Athabasca now?

MR. GRIMBLE: The quota in Lake Athabasca is one-half million pounds in Alberta and two million pounds in Saskatchewan. McGinnes are the only operation and they take out $1\frac{1}{2}$ million pounds yearly.

COMMISSIONER THOMSON: They have operated there for the last thirty years, have they not?

MR. GRIMBLE: Yes, I think they started in 1926.

COMMISSIONER THOMSON: Their tonnages then



were much higher, I take it?

MR. GRIMBLE: I have not a record of their tonnages, but they are satisfied with the $1\frac{1}{2}$ million they take out. It is enough to meet the market demand. It is not because they cannot catch the fish that they do not take the full quota, it is because they believe they meet the market demand with that amount.

COMMISSIONER GAINER: Is the whole tonnage coming out by barge on the Athabasca?

MR. GRIMBLE: Yes, they have a processing plant right on a barge and they anchor it in position and process the fish right on the spot, freeze it and pack it and ship it to Waterways, where it goes to cold storage or refrigerated cars. It is a little different than Slave Lake because they do not handle fresh fish.

COMMISSIONER GAINER: There is not --- ?

MR. GRIMBLE: There is also the length of time they take to get -- the west end of the lake is not the best fishing because it gets muddy. They only fish for a short time in the spring, and when it starts getting muddy they move to the east end and take their quota at the east end near Uranium City. It is a long haul from there along the lake up the river so they do not go into the fresh fish business in Lake Athabasca.

COMMISSIONER THOMSON: They used to be in the fresh fish business, did they not? They used



to bring their fish up on ice all the time?

MR. GRIMBLE: I am not familiar with that.

COMMISSIONER GAINER: You did not have discussions with the people but so far as you know now these considerations are of importance to them, the possibility of getting into a winter season or in more regular service?

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MR. GRIMBLE: McInnes are not interested in winter fishing.

COMMISSIONER GAINER: Regardless.

MR. GRIMBLE: Regardless of transportation. Whether transportation would promote someone else to take an interest, I cannot say, but all the branches I talked to said they would not be interested in winter fishing, and they are the only operators of any size on Lake Athabasca.

COMMISSIONER GAINER: Are they taking out fresh fish on the Great Slave?

MR. GRIMBLE: Yes, but not in the winter-time. An interesting feature is that the majority of the quota is in the east end of the lake at this time. Apparently they have moved to the east end.

An interesting point is that Lake Clare is a source of Winnipeg Goldeye, and it has a quota of one million pounds a year. This is seldom fished, but it is interesting because the Parks Department require Indian labour to be used and they are not too diligent in taking this amount and they don't meet their quota each year. They organize the Indians into this fishing effort and then they land a flying boat in the lake and fly it directly to Winnipeg or Northern Saskatchewan; it doesn't come to Edmonton.

MR. BISHOP: I will file this letter of McInnes Products as an exhibit.



--- EXHIBIT NO. 52 (w): Letter of McInnes Products Corporation dated October 2nd, 1959.

THE CHAIRMAN: Does that complete what you have to say about fish?

MR. BISHOP: I think so, Mr. Chairman.

COMMISSIONER GAINER: One question comes to my mind. You have no comments from the fish interests whether or not their operations on the Great Slave Lake would be altered whether the rail went in one way or another. Would they move their operations to Bell Harbour in the summer?

MR. GRIMBLE: No. The information I had is that the trucking service serves them satisfactorily, they are satisfied with the present arrangement. They said the boat comes in and they want 100 trucks right now and they get them. The trains don't give them that kind of service, and they are not interested in trains for that reason.

COMMISSIONER THOMSON: Don't they just take them down to Peace River and load them on to the train?

MR. GRIMBLE: Yes, and probably go back for another load.

COMMISSIONER THOMSON: You say they don't want a railroad up there, and yet they can take trucks down to Peace River and put them on the train.

MR. GRIMBLE: In the summertime probably two thirds of it is unloaded at Peace Point and the



other one third comes to Edmonton. The thought, of course, is that the service at Peace River - I don't know how many trains a week - but the thought is that this service of three trains a week and hooking it to a passenger train is something that they wouldn't get at the end of a branch line at the end of the Hay River.

COMMISSIONER GAINER: Presumably if they brought them into Edmonton or any other place with more frequent service they would load them on daily.

MR. GRIMBLE: Yes, that is the trend. This is the trend. I just took this last summer's operation and the trend - as a matter of fact, the previous summer the car loadings at Peace River were much higher than the car loadings this summer, which indicates the trend. Car loads at Peace River are going down, which indicates that it is going right to Edmonton or right to Chicago.

MR. BALDWIN: Might I just say, Mr. Chairman, that I spoke only to two of the fish companies, the Alaska Fish Company, Mr. Carter, both of whom said that they would be quite happy, quite interested in seeing a railroad at Hay River, it would mean some saving in their operations. I didn't put too much stock on it, and one of these two men said he didn't care which route and the other one said he preferred the western route, but I rather think he thought I was partial to the western route and that is why he said it. But both of these people told me they would like



to see a railroad in Hay River and it would be a benefit to their operations.

COMMISSIONER GAINER: They are both winter operators.

MR. BALDWIN: You remember Mr. Porritt was here and he advanced the same opinion as an advantage to the industry. That was the statement those two men made to me.

THE CHAIRMAN: Anything else on fish?

That brings us to forestry, and it is a quarter past four. Forestry is something you are particularly interested in, isn't it, Mr. Fouks?

MR. FOUKS: Yes, preferably with my right arm beside me, Mr. Roethel.

THE CHAIRMAN: You can't be here tomorrow.

MR. FOUKS: No, Mr. Chairman, we can't be here tomorrow. We didn't expect we would get this far. I can be prepared next week.

THE CHAIRMAN: Can we go on with the forestry?

MR. FOUKS: Fine, Mr. Chairman.

MR. BISHOP: Section 3, Forestry.

For the year 1956, the total production of lumber in the area north of Grimshaw served by the proposed Western Route was 15,586 thousand FBM. The production for the same year in the area north of Waterways was 22,000 thousand FBM. It must be remembered that the area north of Grimshaw is already



served by a highway while the lumber operators in the Wood Buffalo Park have to depend on the short season of water transport to produce and ship their produce.

The inventory of timber in Wood Buffalo Park which would be tapped by the railway is two billion board feet of mature or over-mature timber soft woods available for immediate cutting and an additional 500 million board feet of hard wood.

It is significant that even though there are timber stands west of Fort Vermilion, adjacent to the Mackenzie Highway, no operators are now working in the area. On the other hand, there are three firms actively engaged in logging in Wood Buffalo Park along the Peace River where the only means of access for supplies and shipments is water transport during the short navigation season.

The proposed Eastern Route of the railroad would pass through mature timber stands in Wood Buffalo Park that should be logged and are now completely inaccessible. This includes the 200 million FBM in the Birch River region and 70 million FBM on the lower slopes of the Birch Mountains.

The stands of white spruce along the Peace River in Wood Buffalo Park represent some of the finest stands of timber in Canada. The 500 million board feet of poplar and birch represent a source of material for a ply-wood industry.

The timber stands inventoried on the Grim-



shaw Route are less mature and can wait another 20 or 30 years without any appreciable loss in mature timber. They are also accessible to highways.

Now, I would ask, Mr. Chairman, that Mr. Grimble enlarge on some of this. There is a certain amount of disagreement with what has been presented to you before in this connection.

MR. GRIMBLE: I would like to deal first with actual timber, actual cuttings. I have to go over to the map on the other side to review this.

The forestry records are kept by management units; each management unit is shown in a different colour. The management units - this is the Peace River Forestry Division outlined in red, and Lac la Biche Forestry Division is outlined in orange. The timber operations now are being undertaken either in these management units or in this big block here, and the big block is designated P-0, that is anything outside the coloured section, and then we have P-1, P-2, P-3, P-4, P-5, P-6, P-7, P-8, P-9, and then the rest is P-0. The actual cuts - for this purpose I have the cuts for the management units P-0, P-2, the red line. This is Peace River town, Hines Creek is this point where the pointer is now. So I have P-0, P-2, P-5, P-7 and P-9. I have the cuts for these. Actually the cut in P-6 is zero; P-8 and P-6 are zero and I have left P-1 out because it is - all the timber at P-1 is hauled to Pine Creek. A good portion



of the timber in P-2 is hauled to Pine Creek when we compare the cuts of the tonnages hauled by rail. So in 1956 the total cut in this area I have outlined, excluding P-4 and P-3, which are east of Peace River and go down to Peace River by truck this way - so the area I have outlined, exclusive of P-1, the total cut for 1956 was 22 million board feet. The total cut for 1957 was 23 million board feet; the total cut for 1958 was 15 million board feet, and the total cut for 1959, this year, was 19 million board feet.

Now, we might compare these figures - -

THE CHAIRMAN: Has all the cutting been done for this year?

MR. GRIMBLE: Yes. This is the year 1958 and 1959. The forestry year ends August the 1st, and these are hot off the press, these last figures.

So we might go back and compare the amount of cut in this area which would be served by the rail point, the highway and the rail point in Grimshaw. In the 1955-1956 year it was 22 million board feet cut, and that year the amount shipped out of Grimshaw, the total amount shipped out of Grimshaw was 14 million board feet. There is a difference there of 8 million board feet which can only be accounted for in two ways. One, I have included all of P-2, and, undoubtedly, most of P-2 goes to Hines Creek and is shipped out of Hines Creek. The other alternative is that there is a local demand which is trucked in that area. I imagine most of it goes out through Hines Creek.



Now we come to 1957. In this year I said 23 million board feet was produced in this area, and in that year $13\frac{1}{2}$ million board feet was shipped out of Grimshaw, again a difference this time of $9\frac{1}{2}$ million board feet, which again can only be accounted for by the fact from P-2 a lot goes to Hines Creek for shipment or is used locally.

COMMISSIONER THOMSON: Have you a copy of those notes? I cannot keep these figures in my head and it is not in the brief.

MR. GRIMBLE: These are just recent figures.

COMMISSIONER THOMSON: Have you extra copies? It is so hard to get any comparison just reading out a bunch of figures.

MR. GRIMBLE: I have a couple of copies in the office. I am sorry I have only the one which I scribbled on, and I did not scribble on the other two copies.

I was about to deal with 1957, and 1958, as I said previously, there were 15 million board feet produced north of this point and that year 9 million were shipped out of Grimshaw. Again a difference of 6 million, which indicates that P-2 was going to Hines Creek or was locally consumed.

Last year there were 19 million board feet produced in this area and in that year 12 million board feet were shipped out of Grimshaw.

MR. FOUKS: Mr. Chairman, could we have it



distinguished as to what "this area" is? I will have to have Mr. Roethel go over this.

MR. GRIMBLE: All right, I will explain. "This area" in each case has referred to P-2, P-5, P-6, P-7, P-8, P-9 and P-0, which is the remainder of the Peace River subdivision. Every time I said "in this area" that is what I meant.

Now, to go back to 1959, this summer and last winter's production, the amount cut by the Alberta Government records is 19 million in this area. In that same period the shipments from Grimshaw were 12 million board feet, again a difference of 7 million board feet. In this last winter and summer's operation we see that there were $2\frac{1}{2}$ million board feet produced in P-0. That is the first year it has appeared which would indicate some was produced in the northern areas and some was hauled north, so we have maybe a little more justification for the difference in the 7 million board feet than the fact that P-2 is shipped to Hines Creek and there is local consumption. It is quite a difference between 30 million that has been stated previously.

THE CHAIRMAN: Those are figures you got from Alberta?

MR. GRIMBLE: Yes, sir. These are the Alberta Government figures.

MR. FOUKS: My lord, I wonder if Mr. Grimble in his covering of that area is comparing exactly the



same area that has been introduced before as 30 million board feet, because the last remark indicated a different area. I am lost in this field and I want to make sure for Mr. Roethel's benefit. I would like the exact areas they are covering in respect to what was earlier reported.

MR. GRIMBLE: I understand the area they covered when they were talking in terms of 30 million board feet it was the area which would be pretty well tributary to a railway from Grimshaw north, and in this case would be tributary to the highway which now serves that area. This is the production in that area that now is shipped out of Grimshaw -- would be the production that is shipped by rail if the railway was there.

MR. FOUKS: That is not my point. My point is, when you say this is vastly different, or whatever word you used, as to the quantity, whether you are sure you are comparing it to exactly the same area, because it is a bit surprising this was not asked when it was brought out in earlier evidence that there were 30 million board feet.

MR. GRIMBLE: I understood that the 30 million board feet which would be tributary to a railroad and since the highway is in the approximate position of the railroad we would assume -- also the statement was made at that time that there was very little local demand and very little would be trucked. The statement was they would get it to Grimshaw and



load it on cars for shipment to New York and consequently the carload shipments from Grimshaw should indicate the area which is tributary to Grimshaw.

THE CHAIRMAN: I do not recall the area being exactly defined at the time. I thought what was discussed was the area tributary to the highway.

MR. FOUKS: I believe you are right, because I want to make sure Mr. Grimble was comparing it to the area he has pinpointed. He has pinpointed certain spots, and I want to make sure the two areas are the same, because the figures are vastly different.

THE CHAIRMAN: He has pinpointed the area he has been discussing. I do not recall anyone pinpointing another.

MR. FOUKS: I believe it is in our brief the area that was discussed.

MR. BISHOP: Mr. Chairman, opposite page 9 of the British Columbia brief there is a map and it indicates an area in medium grey which presumably is the area from which Mr. Roethel took his figures.

THE CHAIRMAN: Yes. Now, that grey area includes something that Mr. Grimble has not covered.

MR. BISHOP: I think the difference of opinion is not necessarily on the figures. I think that is what Mr. Fouks is trying to establish. The difference is in interpretation of what would be tributary to the western route.

MR. FOUKS: Thank you, Mr. Bishop. That is



correct, and if you would only see our point of view everything would be fine.

COMMISSIONER GAINER: Is that 30 million mentioned?

MR. FOUKS: Not in our brief. It was in the evidence.

MR. BALDWIN: Twenty-five million was mentioned. I think that was an approximate figure given in a letter. There was 29 million mentioned by someone at Peace River, who said he had gone to all the mills which he considered tributary to a railway, and I think he estimated 29 million for this year. I am only going on my recollection of the evidence given. Twenty-five million was estimated by Mr. Collins in a letter which was appended to the B. C. brief.

MR. FOUKS: "Our present production represents approximately 25 million feet annually, all of which is hauled a minimum of 100 miles to railhead at Grimshaw and some as far as 183 miles."

MR. FEEHAN: Mr. Grimble is excluding P-1, which is the brown coloured portion at the lower left-hand side. That is one of major differences, I think, in the areas which are considered tributary or not considered tributary.

COMMISSIONER GAINER: I think that we raised that question at Peace River as to whether or not that cut would go through the new line or continue through Hines Creek. On another occasion did not someone



suggest that some of this lumber was being loaded at Peace River rather than Grimshaw?

MR. BALDWIN: Yes. That was on the same point that I think Mr. Grimble referred to in regard to the fish, that some of the commodities coming straight down to Grimshaw, some went through Peace River -- that applied to some of the lumber coming down that north route would be loaded at Peace River and not at Grimshaw.

THE CHAIRMAN: That is P-1 over on the left, the brown portion on the left-hand side?

MR. GRIMBLE: Against the border, which is about Hines Creek.

THE CHAIRMAN: Have you the figures for P-1?

MR. GRIMBLE: Yes. I was giving the production in P-1 for this last year -- its actual cut is 8.7 million of green spruce and 1.7 million green pine. There is a big production in P-1, actually the total production. This might be an interesting figure, but the total production in the whole of the Peace River subdivision, that includes these areas and the east side of the Peace River ---

THE CHAIRMAN: What are those two areas?

MR. GRIMBLE: P-3 and P-4 are east of the Peace River.

MR. BISHOP: It may be of assistance to you to refer to the units on this map.

MR. GRIMBLE: The total production in the whole Peace River, including P-3 and 4, which now



go to the Peace River -- I took the carloadings in the Peace River and it would appear this is what is happening, the total production is 31 million.

THE CHAIRMAN: When was the 31 million? Last year?

MR. GRIMBLE: It is last summer and winter and it would appear as both P-1 and P-2 are now being trucked to Hines Creek and would not be affected by a road in this location.

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THE CHAIRMAN: And how much is P-2 and P-1 combined?

MR. GRIMBLE: Green pine is approximately 2 million for the two of them, and green spruce is 15 million. These are quite close to the rail extension from Hines Creek to Grimshaw, and a few car loads are taken off; a few cars are loaded at other points.

THE CHAIRMAN: What about P-3 and P-4?

MR. GRIMBLE: P-3 and P-4 for the same year, very little; there is very little green pine, only a decimal point. P-3, 2 million of green spruce from P-3, and zero from P-4 in all cases.

THE CHAIRMAN: Have you the map there, Mr. Baldwin? Are you following the map?

MR. BALDWIN: Yes, I am following it.

THE CHAIRMAN: These figures look as though from P-1, P-2, P-3, P-4 there was a total of 19 million feet last year.

MR. GRIMBLE: P-4 had no production. P-1, P-2 and P-3, yes.

THE CHAIRMAN: 19 million from there. The total for the whole of the Peace River area was 31 million; is that right?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: So wouldn't that leave only 12 million feet being cut, all tributary to the Grimshaw railway.

MR. BALDWIN: On Mr. Grimble's assumptions.



However, they might differ definitely from the figures given to me by the Forestry people in Peace River, and a copy of a comment and a memorandum I have here which I would like to put in some time which is pertinent to give to the Commission. I suggested to them that when they considered it they consider it in the light of the area and their local knowledge that they thought would be tributary.

THE CHAIRMAN: Would you check those figures, Mr. Grimble? These have come from the Forestry Department.

MR. GRIMBLE: Yes, sir, this is from the Forestry Division. This is their yearly publication. It isn't a publication which is distributed, but it is a sheet they make up each year for their management staff of their cuts.

COMMISSIONER GAINER: Mr. Baldwin, would you like to comment on how much of the red area there you feel would be closer to the Hines Creek railway than the new line might go?

MR. BALDWIN: Hines Creek is here; that is the end of steel there. The advice I had was that when you got across the Clear Hills, as they got across the Clear Hills you are getting across the line of demarcation. This line comes up to Manning, the Notikewan River, and, undoubtedly, if the railway came from Grimshaw, a portion of the area in here would undoubtedly be tributary. I think some is now because



of the fact that there are roads coming west here. It may be that the question of forestry management areas and an area that is general to the proposed railway might have two different connotations.

I will file it. It says:

"In the Clear Prairie_Worsley and Hines Creek areas timber operators produced a total of 34,516,000 FBM green spruce and pine lumber over a period of two winter operations 1957-1958-59. Timber reserves remain good in this area and the calculated rate of growth in the average Spruce stand is .42 inches radial increment in the last 10 years. This is considered favourable gross. Timber matures at an average of 100 years. Regeneration is very favourable.

In the Manning-Keg River, High Level-Ft. Vermilion, Steen River areas timber operators produced a total of 41,500,000 FBM green Spruce and pine lumber over a period of two winters operations, 1957-58 and 1958-59. There is no apparent change in the growth rate in spruce between the Manning area and Steen river, growth rate continues to average .40 inches radial increment in the last 10 years. This is considered favourable growth. Timber also matures at an average of 100 years. Regeneration is very favourable. Timber reserves are very good. In the Keg River area there is approximately 110,000,000 FBM held under Licensed Timber Berths with an additional estimated 60,000,000 under application. In the



High Level area there is approximately 20,000,000 FBM held under Licensed Timber Berth with an additional estimated 55,000,000 FBM under application with further mature-overmature timber reserves, west and east along the Peace River in the Ft. Vermilion area." I think that has been mentioned as one of the more favourable areas with a large reserve. "There is also an estimated 90,000,000 FBM along the Hay River".

Now, the chap who gave me this - he referred to the Manning-Keg River, High Level-Ft. Vermilion, Steen River area - it didn't take into calculation the area between Manning and Peace River where there is the HM Smith Mill, which is about 35 miles from Grimshaw. I don't know where the timber stands are with regard to the logging. I would assume in the calculation of the F.U.A. people that they would have taken into account the calculation, in addition to these 41,500,000 feet in two years, of the timber which would be logged by the HM Smith Company. I don't know what those are because they were not given to me. Those are the figures given by the Forestry people in Peace River, who I think would have, without regard to forest management areas, adequate knowledge of an area which they feel would be tributary along the western route.

COMMISSIONER GAINER: Would you point out where the highway is at the moment, Mr. Grimble?

MR. GRIMBLE: It actually goes up that line



of longitude through Manning and then it curves over. The highway stays fairly well in the middle of that section.

MR. BISHOP: Might I ask Mr. Baldwin, for the record, just who gave him the opinion that he has just read, because there seems to be a difference from our government figures.

MR. BALDWIN: That was given by the Chief Forestry Officer for the Peace River Forestry Division.

COMMISSIONER GAINER: For the Peace River Forestry Division?

MR. BALDWIN: Yes. Peace River town is the headquarters for that Forestry Division.

COMMISSIONER GAINER: So those figures ought to check.

MR. BALDWIN: Yes. That is two years.

MR. BISHOP: Would these be the figures on which the individual operators paid their stumpage dues?

MR. BALDWIN: I don't know that. I couldn't say at all. I just asked him to give me information which could be furnished here as to the cut, the production, and he gave me the figures for the two years. They didn't include the production from the HM Smith Mill, which is near Dixonville, and I think about 35 miles north of Grimshaw, and that production came from the P-2 area and it would certainly not be tributary to Hines Creek. If you see the



figures, he refers to the Manning - -

COMMISSIONER GAINER: In other words, his figures are not necessarily for the whole Forestry Division.

MR. BALDWIN: No. He gave what he thought was the production in the areas which might be served by this new railway. But he didn't include this area between Manning and Grimshaw. It depends on how close it is to the mill, how close to where the production is going on, and I think a very substantial portion of Mr. Smith's production is locally disposed of; he has quite a local sale. But his production is quite a substantial production. He is one of the older operators; he has been there for several years and he has a good record. I don't know what it would run into. I telephoned the Forestry Officer and he said it might be 5 million or 6 million a year, at least. But he didn't know exactly; he gave me that figure offhand.

MR. DENNEY: Mr. Baldwin, are these figures concrete figures taken from records or estimates by the Forestry Officer?

MR. BALDWIN: All I know is that I went in in the morning and said: "Could you prepare this memorandum for me?", and I came back several hours later and that was given to me.

MR. DENNEY: There is quite a discrepancy in that, because Mr. Grimble's figures are taken



right from the office where they pay their dues, and I can't see where there is any room for error, in as much as the entire area we are talking about is the Peace River Forestry Division.

MR. BALDWIN: I think we should point out, I believe, that 3 million feet was shipped north. Is that right, Mr. Southworth?

MR. SOUTHWORTH: Something like that.

MR. BALDWIN: Was that last year?

MR. SOUTHWORTH: Yes.

MR. BALDWIN: And, of course, you would have to account for the difference in the area which is contemplated.

THE CHAIRMAN: How would it be if you had a discussion with Mr. Bishop, Mr. Denney, and let Mr. Bishop, as Counsel, and Mr. Grimble put these proposals? I think in that way we can get away from what might be some confusion.

COMMISSIONER GAINER: Wouldn't local production be included in the official cut for a Forestry Division?

MR. GRIMBLE: This discrepancy - the production in this area of 22 million and the shipment can be accounted for in two ways; that is local production and most of P-2 is shipped over to Hines Creek. The only conclusion we can come to is that a lot of P-2 is shipped to Hines Creek, and it appears that car loads of 12 million feet out of Grimshaw is



attributed to the railroad.

MR. BALDWIN: Is that 28 tons?

MR. GRIMBLE: Yes. In this regard, I took the scaled tonnages of all the cars in 1959 and found out, somewhat to my amazement, that the average was 28 tons. I was somewhat amazed when they said that the average car was only 28 tons, that the scaled load came to only 28 tons.



COMMISSIONER GAINER: In any event you calculated your tonnage from carloadings rather than the other way around?

MR. GRIMBLE: Yes, I actually took the tonnage of the carloadings and added them up and when I divided the tonnage by the carloadings I have very close to 28 tons for one year's operation.

COMMISSIONER GAINER: Just in the event we must some time look at the possibility of how this rate was made up, splitting between two railways, is there anyone here qualified to speak on how homogeneous the topography is? Is there any reason why the line would not separate about halfway between the two roads, or is it going to be one way or the other?

MR. GRIMBLE: From what I know firsthand the present operations are advancing towards the west. This has been the cut for a good number of years. Mr. Smith has been in there for a good many years and his operations are advancing to the west with the result that new production is going to be in the west and the P-2 block and the eastern half is pretty well cut out.

COMMISSIONER GAINER: It may move to the established roads east unless all the other roads are put through the other way?

MR. GRIMBLE: It could be.

COMMISSIONER GAINER: But otherwise, on the point of topography, there are no real obstacles?



MR. GRIMBLE: No, there are no big rivers or hills or muskegs, or anything. During one period in Wood Buffalo Park the production was 22 million, which was equivalent to the area under consideration.

THE CHAIRMAN: And what time was that?

MR. GRIMBLE: In 1956. I just picked one year at random, and the production at Wood Buffalo Park was 22 million.

MR. BALDWIN: Of which the most part went into Uranium City area?

MR. GRIMBLE: I think 4 million went to Uranium City.

THE CHAIRMAN: How did that production from Wood Buffalo Park get out of there? Did it go north or south?

MR. GRIMBLE: I do not know the distribution. I think Eldorado produces mainly for Uranium City, and in this particular year I think they produced 4 million.

MR. FOUKS: What was the production in 1957?

MR. GRIMBLE: I have 12 million. I think this was the year they had the flood and Swanson was put out of commission for a period.

THE CHAIRMAN: What about 1958 and 1959 for Wood Buffalo Park?

MR. GRIMBLE: Twelve million.

THE CHAIRMAN: Twelve million in 1957 and again in 1958?



MR. GRIMBLE: The production in Wood Buffalo Park in 1950 was $4\frac{1}{2}$ million. In 1956-57 it was 22 million.

THE CHAIRMAN: How much in 1956? -- 4 million?

MR. GRIMBLE: Yes. These are the years: 1955-56, $4\frac{1}{2}$ million; 1956-57, which I have called '57 previously, is 22 million; 1957-58, and we call that 1958, $9\frac{1}{2}$ million, and this last year, 12 million.

COMMISSIONER THOMSON: Are these figures any place in the brief? I am getting completely mixed up. Are they the same figures as you have here?

MR. GRIMBLE: We have only used one figure there; these are an extension -- more years used to illustrate a point.

COMMISSIONER THOMSON: We can get these figures tomorrow, can't we?

MR. GRIMBLE: Yes, it will be typed up for you.

COMMISSIONER THOMSON: Is that going to apply tomorrow when we go into mining? Is it going to be a bunch of statistics that we have not already got, because they are just meaningless to me when I cannot see them written down. Will you have these statistics for mining tomorrow when we carry on?

MR. GRIMBLE: Mr. Fisher could probably answer that better.

COMMISSIONER THOMSON: Are there other statistics besides those in the brief?



MR. GRIMBLE: The statistics cannot come up unless a question was asked, such as the question about Wood Buffalo Park, and then we had to refer to the records.

THE CHAIRMAN: Could you have an extra copy of these?

MR. GRIMBLE: We can have them typed tonight.

THE CHAIRMAN: These are copies of the information which you have just given us?

MR. GRIMBLE: No, we are just going on to another subject and I thought since you like to follow figures I had some in this case.

MR. FOUKS: Mr. Chairman, I hate to go through the day without objection, and maybe I should make one now before I leave. I will not be available tomorrow.

I would be remiss in my duty if I did not on behalf of British Columbia make a very strong objection to this method of introducing evidence. I appreciate this is not a court case but it seems to me that Mr. Grimble and the Chambers of Commerce knew we were attending these sessions regularly, since the very first day, to the very best of our ability. The questions that are now being brought before us we have had no opportunity of examining at any time. True, we will have the right again to cross-examine and to present a rebuttal brief, but this is not, in my opinion, a proper method of doing things. It does



not give us a fair opportunity of answering any confusion that may arise. We, as much as yourselves, are only looking for facts.

It seems to me this is probably an improper thing to say and for it you may criticize me, but I have no other feeling than to think this was done intentionally; that it be not before us so we could more readily analyse particular things given in evidence and so we would not have the information in sufficient time to examine on it as to its evidentiary value and to compare it to evidence we presented on the 1st of September of this year as per the Regulations.

MR. BISHOP: I think we can certainly assure you, my lord and Mr. Fouks, that the delay has not been intentional. We understood from yesterday's arrangement that since rebuttal briefs were to be filed and that all our witnesses were to be prepared for cross-examination at a later date, that everything that is put in evidence or used here, copies of them would be prepared and delivered to Mr. Fouks so that they would have the opportunity he speaks of to check all the figures and cross-examine on them.

The difficulty that has arisen is that there is so much material, a good deal of which may never arise; for instance, the exhibit we have just referred to. This report on tonnages came up because of a question on Wood Buffalo Park and Mr. Grimble fished into his bag of tricks and produced this one.



If we were to try to reproduce everything I am afraid we would be another month, We can certainly produce numerous copies of everything that turns out to be relevant and get it to the counsel for British Columbia as quickly as possible. What we have been doing is borrowing exhibits back from Mr. Paterson and photostatting them overnight.

THE CHAIRMAN: Of course it was understood that all this material was, first of all, to be presented on the 18th of August and some asked for an extension to the 1st of September, and then to the 13th of September. I think there is something to what Mr. Fouks has said. I thought Mr. Fouks was going to have copies of this material which you are going to provide for us, and I take none of that has been provided, has it, Mr. Grimble?

MR. GRIMBLE: The portion we thought would be dealt with we have tried to photostat but as Mr. Bishop said we would have pages and pages of difficult things they would have to interpret.

THE CHAIRMAN: Was any material provided, photostatted and sent to Mr. Fouks?

MR. GRIMBLE: Mr. Bishop looked after some yesterday.

THE CHAIRMAN: Was it done two weeks ago?

MR. GRIMBLE: I don't know about that.

THE CHAIRMAN: When we adjourned for a week, during that week's period was there not to be a session



with this material so it could be copied and everyone would have a copy to become familiar with it before we resumed our hearings?

MR. GRIMBLE: May be, but I probably was not in on that conversation.

MR. FOUKS: With respect, my lord, Mr. Grimble was present and it is indicated at page 913 of the transcript. That indicates an undertaking was given to me prior to the adjournment that I would receive photostatic copies of all the material. I can appreciate it when something is brought out of this magic bag of tricks but that was obviously a presentation that was prearranged. I would like, therefore, to ask for an adjournment until all this information has been brought to our attention and we have been able to find any discrepancies. If we are wrong we are prepared to admit it in any fact.

COMMISSIONER GAINER: I may be mistaken, Mr. Chairman, but it strikes me that the joint Chambers of Commerce submission was in two parts and this was announced on the first day of its presentation, which, as I recall it, was after the week's adjournment, and it was then the question was raised about photostatic copies of what was to become Exhibit B.

MR. FOUKS: I think not, Mr. Gainer. This was prior to that adjournment, and page 913 covers it, I believe.



MR. FEEHAN: My lord, in all fairness to the Calgary and Edmonton Chambers of Commerce, I think that several of the advocates for British Columbia have presented documents here and certainly not presented them except in a single report. For instance, I might refer to the thesis of Dr. Thorp which was filed only this morning, which was used extensively by Mr. Roethel. I am just pointing out the other side of the story.

MR. FOUKS: I think the other side of the story is very fair. I think you are right except that Mr. Thorp's thesis arose as a matter of cross-examination and not in the presentation of the brief. Our particular brief has in it all the information, including adenda filed in sufficient time for your lordship and the Commission. All these people were in the room at the time we presented our case. Mr. Thorp's thesis arose when Mr. Roethel was discussing with Mr. Rotstein, as far as the railway brief was concerned. I might point out Mr. Grimble was present on the date of that hearing, according to the transcript, if it be correct.

THE CHAIRMAN: I would like to adjourn for a few minutes and discuss this with my colleagues. What is it you want, Mr. Fouks?

MR. FOUKS: I think under the circumstances, my lord, and for the record -- I hesitate because I know that the Commission and we ourselves would like to have this brought to an end, but I feel



obligated to ask for an adjournment until all the information has been sent to us for proper examination to calculate its evidentiary value. At that time we will be very pleased to appear before you and discuss any points that might be brought up based on their brief. On the time element, I might say Mr. Bishop has information as to when it will arise in Vancouver. As you know, we do our best to expedite, to bring people over, and we produced Dr. Thorp's thesis faster than any of the other items.

THE CHAIRMAN: We will adjourn now for ten minutes.

---Short recess.

THE CHAIRMAN: Mr. Fouks, we adjourned to consider your application for an adjournment and while we were considering it Mr. Bishop, Mr. Grimble and yourself came into my Chambers. Following our discussion, it has been agreed that we will adjourn until Wednesday morning at nine-thirty. Mr. Bishop and Mr. Grimble are going to do their best to get the copies of all the exhibits so you will have a chance to examine them so that you might feel you could make more of a contribution to the proceedings of the Commission when you are familiar with all the material that is presented.

MR. FOUKS: Thank you, my lord.

THE CHAIRMAN: We on the Commission feel



that both the province of British Columbia and the Chambers of Commerce have been of great help to us and we want to do all we can to assist both of you. However, we are very anxious to get through the proceedings as quickly as we can.

MR. BALDWIN: Mr. Chairman, may I make this comment? It may be very difficult for me to be here next week, but that is all right. I am only able to be here as conditions warrant. Now, if I had been able to be here next Wednesday I would have filed with you a copy of Hansard, which I referred to earlier in the proceedings, as to operations in Wood Buffalo Park. Is it permissible for me to file that now?

THE CHAIRMAN: Yes, would you do that?

MR. BALDWIN: It gives the volume of timber which was produced from 1956 to 1959. This is in answer to questions which I asked in the House of Commons.

THE CHAIRMAN: Would you mind telling us what page?

MR. BALDWIN: Page 3145 of April 28th, and it relates to the amount of timber which Eldorado is taking to Uranium City and the amount which is produced by what I call the two commercial companies.

THE CHAIRMAN: Thank you, Mr. Baldwin.

We will adjourn now until 9.30 Wednesday morning, October 14th.

---Adjournment.

ROYAL COMMISSION
ON
GREAT SLAVE LAKE RAILWAY

HEARINGS

HELD AT
EDMONTON, ALBERTA

VOLUME No.: 16

DATE:

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ROYAL COMMISSION ON
THE GREAT SLAVE LAKE RAILWAY

Hearings of the Royal Commission on
The Great Slave Lake Railway held
at Edmonton, Alberta, at the Court
House, at 10.00 a.m., October 14th,
1959.

PRESENT:

| | |
|---------------------------|----------|
| Mr. M. E. MANNING | Chairman |
| Mr. WALTER D. GAINER | Member |
| Mr. JOHN ANDERSON-THOMSON | Member |

| | |
|-----------------------|-----------|
| Mr. FRANCIS M. FEEHAN | Counsel |
| Mr. A. PATERSON | Secretary |



THE CHAIRMAN: Are we ready to go on now?

MR. FOUKS: We are, sir, thank you.

THE CHAIRMAN: Mr. Bishop, you were going to give us a summary of what was given to us with regard to forestry on Thursday, because Mr. Grimble had just started.

MR. BISHOP: Mr. Chairman, on Thursday I had read, starting at page 39 of the brief, the section entitled "Forestry", and at the conclusion of that section as set out in the brief at page 40, Mr. Grimble had opened his remarks with some figures concerning, I believe, what is called the stumpage reports on management areas along the western route, and the hearings were adjourned at that point because we had no extra copies of our tables and it was very hard to follow our figures and Mr. Fouks had no opportunity to examine those figures. We now have the extra copies and they are before the Commission - at least one copy is - and I think Mr. Grimble could briefly review what he said about those particular figures and then carry on from there.

THE CHAIRMAN: This statement of car loads of lumber, shipment from Grimshaw to Alberta, was the only statement that was referred to on the last day, wasn't it, Mr. Grimble?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: No, there was another one.

MR. GRIMBLE: We hadn't started on that.



We had distributed it but we hadn't started on it.

THE CHAIRMAN: That was table number 10.

MR. GRIMBLE: Yes, sir. We hadn't started it.

THE CHAIRMAN: What is this exhibit number, statement of car loads of lumber, that you have dealt with?

MR. BISHOP: I don't believe we entered that as an exhibit on Thursday.

THE CHAIRMAN: 52 (y) wasn't?

MR. BISHOP: I don't think so, because it was partly written in pencil. So we can enter that as an exhibit now. Oh, 52 (y) was the letter entered by Mr. Baldwin.

THE CHAIRMAN: This then will be 52 (z), will it?

MR. BISHOP: Yes, Mr. Chairman.

MR. GRIMBLE: I propose to review just with a sentence or two what we were discussing when we adjourned. We were reviewing the annual cut from the Peace River Forestry Division which is shown on this map. This could be entered as an exhibit, if you like.

THE CHAIRMAN: Is that not entered as an exhibit now?

MR. GRIMBLE: No, it isn't - I am sorry, it is 52 (x). The red outline is the Peace River Forestry Division. At the time we adjourned I was



reviewing the annual cuts for the last year in the various management units.

For the last year we had a cut in P-2 of 6.6 million, a cut in P-5 of 5.2 million, and a cut in P-7 of 4.4 million. The cut in P-0, which is all the area outside the management units, was 2.6 million, making a total cut in P-2, P-5, P-7, all the rest, of 19 million.

The shipments from Grimshaw for the same year total 13 million, indicating that 6 million board feet was either shipped from P-2 for Hines Creek or used locally.

THE CHAIRMAN: Or north.

MR. GRIMBLE: Or north.

This is as far as we got before we adjourned actually in summary.

I plan to go on with the allowable cuts for the eastern route and the western route. The information for this is taken from the MacGregor Report, table number 10 and table number 11, at page 49 of the MacGregor Report. Table number 11 shows the annual allowable cuts for the various forestry divisions, particularly interested in Peace River and Lac la Biche, and this is divided into areas. There is a map in the MacGregor Report showing these areas; I have put that map on the wall.

THE CHAIRMAN: The MacGregor Report doesn't mark out the same areas as have been marked out in the



map you have been referring to, 52 (x).

MR. GRIMBLE: No. It is almost the same. The area in the MacGregor Report is this area divided here. This is area 1. Area 1 in the MacGregor Report consists of P-1, P-2, P-5, P-6 and P-7. This is area 1 in the MacGregor Report. In order to use the table number 11, the two areas, we have deducted P-1 and P-2 from area 1, because from our previous statement it appears that the cuts in P-2 go to Hines Creek, so we have omitted P-1 and P-2 from these allowable cuts. Of course, P-3 and P-4 are east of the river.

THE CHAIRMAN: You have deducted P-1 and P-2?

MR. GRIMBLE: Yes, from area 1; and we have deducted P-3 and P-4 from area 2 because these are east of Peace River and the present cut is now here, and will continue to do so. Apart from that, there are no changes in the MacGregor Report, other than taking into consideration the burn which occurred in 1958, which wasn't taken into consideration at the time of the MacGregor Report.

THE CHAIRMAN: Where were those burns?

MR. GRIMBLE: The black mark on these exhibits indicate roughly the extent of the burns, and almost all the burn is in area 1, but a portion is in area 8. The title of this exhibit is "Annual Allowable Cut of Saw Timber in millions of FBM. Data from the MacGregor Report". We have shown in this exhibit



52 (aa) the annual allowable cuts taken from the MacGregor Report.

One further change or one further thing we took into consideration was the fact that area 4 and area 5 as shown in the MacGregor Report are midway between the two rail locations, eastern and western routes and should the railway go the eastern route probably this whole area would be fed down in this location; should it go on the western route this whole block could be possibly fed to the railway in this fashion. So we have divided them into two, half to the eastern route and half to the western route.

Now, we may just review the figures on the tables you have. The area 1 is shown on table 11 and gives the annual allowable cut for saw logs, white spruce and pine, and a total of 50 million. This includes P-1 and P-2 which we deducted for the reason we mentioned, and deducting the total burn as though the total burn was in area 1 - part of it is in area 8, but since the division between area 1 and area 8 isn't given, we took all the burn into one area. This reduces the annual allowable cut in area 1 to 13 million board feet per year, from 50 million to 13 million.

COMMISSIONER GAINER: That is 50 million less P-1, less P-2, less the burn?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: Where does the 50 million appear in table 11?



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MR. GRIMBLE: The third column on Peace River. It is the total of the white spruce and the pine.

MR. ROETHEL: Where does the 13 million appear?

MR. FOUKS: Mr. Roethel is asking where does the 13 million appear.

MR. GRIMBLE: We subtracted P-1, P-2 and the burn.

COMMISSIONER GAINER: You mean does it appear on the exhibit?

MR. FOUKS: No, the calculation as such.

MR. GRIMBLE: Would you like those figures?

MR. FOUKS: I would like them, Mr. Chairman.

MR. GRIMBLE: The total inventory for P-1 is 626 million board feet; the total inventory for P-2 is 677 million board feet; the total fire loss is 817.5 million board feet.

THE CHAIRMAN: What are you reading from, Mr. Grimble?

MR. GRIMBLE: This is from the Lands and Forests - Forestry Branch, Department of Lands and Forests, information regarding the Peace River Forestry Division. We have copies of this.

MR. BISHOP: Mr. Chairman, I am advised that the table that Mr. Grimble is reading from is in the material that was unfortunately delayed in the



mails and finally arrived in Vancouver.

MR. ROETHEL: You say about 13. My percentage is 8 million.

MR. FOUKS: I think the figures are there, Mr. Bishop; you are right. But those three total 21, which leaves 29. You have got 8, 13 and 29, and it is a bit confusing to us.

MR. BISHOP: 8, 13 and 29 add up to 50.

MR. GRIMBLE: In the original copy we sent of the table we had 8 in there. We deducted the fire loss twice; Mr. Regan deducted the fire loss and then I deducted the fire loss.

Is that satisfactory, how we arrive at the 13?

MR. FOUKS: Not to me.

COMMISSIONER GAINER: You have given us the annual allowable cut.

MR. GRIMBLE: And then we deducted half the rotation, which is the way we arrive at all of these, which is roughly 60, in round figures 60.

COMMISSIONER GAINER: You divided your inventory by rotation.

MR. GRIMBLE: Yes, rotation.

THE CHAIRMAN: I am not sure I understand it, Mr. Grimble. Before we leave it we had better make sure we have got those things worked out. You have given us the total inventory of P-1, the total inventory of P-2 and the total fire loss, and



that is approximately 2 billion, isn't it?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: And you have deducted that from what?

MR. GRIMBLE: Divide by 60 and then deduct that from 50.

THE CHAIRMAN: You add these figures and you divide by 60 and that produces a figure.

MR. GRIMBLE: The 60 into 2 billion.

THE CHAIRMAN: About 30 million?

MR. GRIMBLE: About 30, yes.

THE CHAIRMAN: That is about 30 million, and that is deducted from the 50 million.

MR. GRIMBLE: Yes.

THE CHAIRMAN: That brings it down to 20.

MR. GRIMBLE: I didn't work from the bottom, I worked from the top. I didn't subtract, I added, used addition instead of subtraction. In other words, we added the inventory of P-5, P-6 and P-7 and subtracted the fire loss, divided that by 60 and got the 13. So it should be the same answer.

THE CHAIRMAN: What is wrong with my subtraction? I have been following your figures, haven't I? You referred us to the 50 million, didn't you, as the annual allowable cuts, and then you gave us what was to be subtracted from it and we have wound up with 20.

MR. GRIMBLE: I will have Mr. Regan check



our arithmetic while I go on.

THE CHAIRMAN: Would you mind checking that now before we go on?

MR. GRIMBLE: This is the only one we had to change, and we did this in rather a rush a couple of times. The rest is purely routine. This could be checked while we are going on, if you like, sir.

THE CHAIRMAN: I should like to know about the calculations we have got from you now. They don't seem to be consistent, do they? Could you just review the figures you have given us, Mr. Grimble? You started, didn't you, with the annual allowable cut of 50 million?

MR. GRIMBLE: Yes. That is from the MacGregor Report.

THE CHAIRMAN: That is the first figure that you gave us.

MR. GRIMBLE: Yes, that is the first figure.

THE CHAIRMAN: And then you gave us the total inventory of P-1, the total inventory of P-2, the total fire loss.

MR. GRIMBLE: Yes.

THE CHAIRMAN: And you divided that by 60.

MR. GRIMBLE: Yes, sir, that is right.

THE CHAIRMAN: And that comes to about 30 million, doesn't it?

MR. GRIMBLE: I haven't done it that way.



MR. ROETHEL: Do you add your P-1 and P-2 and then deduct fire loss?

MR. GRIMBLE: Add P-1 and P-2 and add the fire loss to it, because there was no fire loss in P-1 and P-2.

THE CHAIRMAN: There was no fire loss in P-1 and P-2?



MR. GRIMBLE: No. There are three things we should deduct there, Area 1, P-1, P-2 and the fire loss.

THE CHAIRMAN: Fire loss -- that was in P-6?

MR. GRIMBLE: The fire loss was in P-6, P-7, P-8 and -9. Actually the fire loss is partly in Area 8, but for convenience we put it all in Area 1. It does not make any difference.

THE CHAIRMAN: You mean P-6, P-7, P-8 and Area 9?

MR. GRIMBLE: No, there is a P-9 that was added after the MacGregor Report. The P-9 management unit was the last one added, and that was after the MacGregor Report was published and it is the little blue one right in the area there.

MR. FEEHAN: Does your inventory add up to 50 million? That seems to be the problem.

MR. GRIMBLE: That seems to be the problem, and if it is not they won't meet, but those are inventories from the Alberta Government, and I did not check them.

THE CHAIRMAN: Well, the Alberta Government gives as the annual allowable cut 50 million. I wonder if we are calculating the deductions in the right way?

MR. GRIMBLE: Yes, we are. We will just have to check back and forth on this. I worked by addition and what you have there is by subtraction, and if they do not meet then there is something wrong



with the Alberta Government's inventory.

THE CHAIRMAN: It could not be anything wrong with what we are doing in this room. We know what the problem is now.

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: As far as I can make out the figure you calculate as 13 million should be 14.7 million; is that it?

MR. GRIMBLE: It could be; it is in that order.

COMMISSIONER GAINER: That is adding up the three inventory figures.

MR. GRIMBLE: We are reworking them both ways to see where the difference is.

MR. FOUKS: Mr. Chairman, I do not want to add to the confusion, but Mr. Roethel got a figure from the Alberta Government of 25 million. I may be just adding to the confusion; I don't know.

MR. ROETHEL: We talked about fire loss and I asked them for an estimate of what is left on the figure, the 30 million. Actually I discovered the area by finding on my map very little and I checked that and they told me if you would cut off 1 and 2 and the fire loss it would still be 29 million left.

MR. GRIMBLE: These figures are not finished yet.

COMMISSIONER GAINER: Yes, we do not know



what Mr. Grimble is doing with the figures yet.

MR. FEEHAN: Mr. Grimble read from the Forest Resources of the Peace River Forest Division and he got the fire loss from there, so perhaps we should enter that as an exhibit.

THE CHAIRMAN: Yes, this will be Exhibit 52-DD. Would you mind describing that again?

MR. FEEHAN: 52--DD is a table from the Forest Service Branch, Department of Lands and Forests, entitled "Forest Resources of the Peace River Forest Division."

THE CHAIRMAN: And that is what Mr. Grimble has been reading from?

MR. FEEHAN: That is what he used to get the fire losses in the area he has been speaking about.

---EXHIBIT NO. 52-DD: Table entitled "Forest Resources of the Peace River Forest Division."

THE CHAIRMAN: Mr. Grimble, do you wish to go on?

MR. GRIMBLE: Yes, because the rest is routine.

Dealing with Area 1 we had a figure of 13 million which will be adjusted if it is in error. Going to Area 8, Table 11, the annual allowable cut in Area 8 given on the table is 24. The annual allowable cut in Area 9 on the table is 2. Area 7 on the Table is 8, and Area 6 is 12. As I noted



before we took half of Area 5, 10 in Area 5, and we took 5 for the eastern route and 5 for the western route.

Area 4 was 19 and we took 9 for the western route and 10 for the eastern route, so now apart from Area 1 which we are still calculating, the total is 73 million board feet and an allowable cut adjacent to the westerly route.

THE CHAIRMAN: I want to check these figures. Area 8, 24 million; the next is 9 -- Area 9 is 22; Area 7 is 8; Area 6 is 12.

MR. GRIMBLE: Yes.

THE CHAIRMAN: You took half of 5 which is 5?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Half of 4 which is 9?

MR. GRIMBLE: Nine and a half, really.

THE CHAIRMAN: And that does not total 73.

MR. GRIMBLE: We have Area 1 to add in there yet, which I have 13 for, which makes it 73. The only thing in doubt is whether it should be 13 or 15, or some number in that order. I would like to go on to the eastern route now.

In the same table in this case we have omitted Area 1, which it is adjacent to the railway in any case. Similarly 1 and 2. We omitted Area 1 and we have taken into consideration all the areas in the McMurray Forestry Division. These are from the MacGregor Report, as well, and it is the Lac la Biche Forestry Division, not McMurray. Omitting



Area 1, we go on to Area 2 which is 7 million board feet; Area 3, 17 million; Area 4, 8 million; Area 5, 7 million, and in addition to this we have the annual allowable cut in Wood Buffalo Park, which is 50 million board feet, making a total for the eastern route of 104 million board feet annual allowable cut.

THE CHAIRMAN: You did not add your half of 4 and 5 either, did you?

MR. GRIMBLE: I am sorry, I did not. Half of 5 is 5 and half of 4 is 10, making a total of 104.

THE CHAIRMAN: The fact that Areas 3, 4 and 5 were on the east side of the Athabasca River does not interfere with the lumbering?

MR. GRIMBLE: No, sir, it is a winter operation.

MR. FEEHAN: That would be the same for P-3 and P-4, would it not, on the western side?

MR. GRIMBLE: No, I might explain the difference here. This is a 1000-foot deep river valley and the railway is already available without having to go through this river valley. In terms of distance P-4 is probably as close to Peace River as it would be to the railway, but as far as this big valley is concerned -- 1000-foot valley -- it is quite a different matter. This is all a big delta, delta country, where there are no hills; it is very flat.

Now, if Mr. Regan has the figure we can



clear up this whole matter of annual allowable cut. We will estimate it at 15 million, as Mr. Gainer worked out, and that will change this figure from 73 to 75 on the western route.

COMMISSIONER GAINER: Assuming the figure now for Area 1 is 15 million?

MR. GRIMBLE: Yes, sir. That makes a total of 75 million on the western route compared to 104 million on the eastern route of annual allowable cut.

Now, in regard to the timber itself I just want to say a word or two. The timber on the western route in Wood Buffalo Park is definitely mature to over-mature.

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In this regard I might read a few comments regarding timber maturity. Mr. Corner of the British Columbia forest industry - I may be pronouncing that wrong - has this to state about the forest areas of the north. He pointed out that a tree only grows for a certain time. At the end of that time it starts to decay and we must harvest the mature trees now.

MR. FEEHAN: Sir, if I recall correctly, Mr. Hamilton of Swanson Lumber, in giving his evidence, mentioned the fact that there was no sustained yield to be carried out in Wood Buffalo Park and it would be totally cut out in 30 years. If I remember his evidence correctly, that is what he said.

MR. GRIMBLE: This is from Hansard. It says:

"There is no annual cut limit in Wood Buffalo Park".

The letter from Swanson Lumber states this:

"We have been operating in this area for the past four years, and the timber is definitely mature to over-mature, and this is undoubtedly the main reason the federal government had for issuing licenses to get it out. The footage of merchantable timber on the areas under license is declining each year due to age."

MR. FEEHAN: I was wondering if we had questioned the fact that the operation in Wood Buffalo



Park will terminate in 30 years, in the event that the annual allowable cut is taken off.

MR. GRIMBLE: The inventory is in the area of 2 billion board feet of mature and over-mature timber.

THE CHAIRMAN: How much is that?

MR. GRIMBLE: It is 1.85 billion.

MR. FEEHAN: The last 37 years, sir.

MR. GRIMBLE: I might read from the letter of Mr. Harrison which Mr. Denney read previously. In regard to this volume, he says:

"The question of maturity applies at this time mainly to the valuable stands of timber along the Peace River, where approximately 60 per cent of the forest is mature. Back from the main rivers the timber is mostly jack pine and poplar, not usually of sawlog size, but possibly suitable for pulpwood".

As Mr. Denney has pointed out, as this 1.8 billion is logged off approximately at the rate of 50 million board feet a year, there will be a re-generation in growth coming along, and this inventory deals only with mature. In the Peace River area alone they are only allowed to cut mature and over-mature, and they have berths of over a billion.

MR. FEEHAN: The thing I was concerned about was why wasn't the same formula used, the division by 60, on the east route as is used on the west route.

MR. GRIMBLE: The formula only applies to what they call a normal stand of timber, and this is an



over-mature stand; the formula doesn't apply. When they use this formula it is assumed a normal distribution, but in this case it is all mature and over-mature, and the sooner it is cut the better.

MR. FEEHAN: I understand that, but if a formula is to be used on the west route, then certainly it is only fair that a formula is used on the east route to determine the actual amount of timber that is there and which should be cut under normal circumstances.

THE CHAIRMAN: Is it possible that you have in each place what you might call a normal forest? In addition to that, there is in Wood Buffalo Park a big stand of mature and over-mature timber.

MR. GRIMBLE: Yes. If I could read some more of these extracts.

MR. FEEHAN: I was only concerned with the quantity of timber that exists on both routes.

THE CHAIRMAN: Yes, so was I.

MR. GRIMBLE: We have a letter from Mr. Steele - actually from Mr. Huestis, in which he states: "The total area of the Peace River Forest Division that is forested is 11,851,369 acres, so that 6.6 per cent of it is presently capable of producing coniferous sawlogs". That isn't what I was intending to read. He has in here a statement regarding maturity which I was wanting to read.

MR. ROETHEL: It gives on the east 3.3.

MR. GRIMBLE: "Comparatively in the Lac



la Biche Division there are 247,964 acres of mature and over-mature coniferous and mixed wood stands of a total presently forested area of 8,134,139 acres. Accordingly 3 per cent is presently producing coniferous material".

But this doesn't apply to Wood Buffalo Park. This has no relation to Wood Buffalo Park at all. Wood Buffalo Park has over-mature timber, and the 50 million board feet is not so much an annual allowable cut but what is considered as being a productive volume.

COMMISSIONER GAINER: You are speaking of the allowable cut formula, but what about inventory figures? Could we put something in for the Park on table 10 here which would be comparable?

MR. GRIMBLE: I don't think so, because the Parks inventory is only mature and over-mature timber, whereas these figures in the MacGregor Report are for all timber. The only thing we can work to is the annual allowable cut. This is the best indication of what is available in the area.

COMMISSIONER GAINER: Depending on the maturity of your timber, it could be lumped.

MR. GRIMBLE: The annual allowable cuts are all based on the same formula and the same inventory, but in Wood Buffalo Park it is all mature and over-mature.

COMMISSIONER GAINER: Let's put it this way: did you quote an inventory figure of mature and



over-mature for the part that was 1.8 billion?

MR. GRIMBLE: Yes, but this is mature and over-mature and it can't be compared with the other inventory figures.

COMMISSIONER GAINER: Are there no other figures of inventory available, federal government forestry figures, in the Park?

MR. GRIMBLE: No. They have only dealt with the area that has been cut. They haven't made the same type of inventory. Mr. Denney might correct me.

MR. DENNEY: I am of the opinion that the annual allowable cut in Wood Buffalo Park will be implemented. When this mature timber is cut the annual allowable cut will be implemented, because, according to Mr. Thorp's report - I can't quote you the figures - in addition to this land that is occupied by the mature timber there is a large acreage of land that presently has immature timber on it, and there are a lot of areas in these berths which we have under license right now which have immature timber on it, and we can cut only the mature and over-mature.

COMMISSIONER GAINER: Apart from the immature timber, has no estimate been made, regardless of licensing, of the timber resources in the Park other than the mature and over-mature?

MR. DENNEY: I get the impression from Dr. Harrison's letter that that is where they developed



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this 50 million feet allowable cut which will be implemented when all these lands are occupied and the mature timber is cut off as it develops.

COMMISSIONER GAINER: But you know of no published figures which may have been presented in earlier evidence which would give the inventory figures of immature timber?

MR. DENNEY: No, I haven't seen any.

COMMISSIONER GAINER: They appear not to have been published?

MR. DENNEY: I think that is correct.

MR. GRIMBLE: The regulations require them to cut only mature and over-mature.

THE CHAIRMAN: I think that Mr. Roethel expressed the opinion that there is the same proportion of mature and over-mature timber in the west as there is in Wood Buffalo Park. Is that right?

MR. ROETHEL: I would say the proportion of mature and immature is the same. Thorp is quoting just as much mature as immature in his thesis. He says there is ~~immature~~ timber in the Park as well as mature timber.

THE CHAIRMAN: And similar in the west.

MR. ROETHEL: Yes.

THE CHAIRMAN: And the proportions are about the same, are they?

MR. ROETHEL: I would say the proportion to mature is higher than outside the Park.



THE CHAIRMAN: In the Park the proportion of immature is higher?

MR. ROETHEL: No, the proportion of mature timber is higher than it is on the west.

MR. GRIMBLE: The proportion between mature and immature on the western route is 6.6 per cent of the acreage, whereas on the Lac la Biche Division it is 3 per cent.

THE CHAIRMAN: On the western route.

MR. GRIMBLE: It is 6.6 per cent of mature and over-mature. That makes 6.6 per cent of the producing area is mature and over-mature, whereas in the Lac la Biche Division it is 3 per cent.

We may go to Wood Buffalo Park and get the same figures from Thorp's thesis. Speaking in terms of the portion along the Peace River, he divides the Park into two blocks, both along the Peace River, and he says of the timber land that 51.5 per cent supports mature timber and 48.5 per cent supports immature stands. This is compared to 6.6 per cent on the western route.

THE CHAIRMAN: And the 3 per cent was south.

MR. GRIMBLE: In the Lac la Biche division.

MR. FEEHAN: I might put that letter in. Mr. Grimble has been using it for his percentages. It will be 52(cc), a letter addressed to R. B. Denney, Junior from E. S. Huestis, Director of Forestry, dated



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October 8th, 1959.

--- EXHIBIT NO. 52 (cc): Letter dated October
8th, 1959.

THE CHAIRMAN: Now, that just gives the
figures of 6.6 per cent and 3 per cent.

MR. GRIMBLE: Yes, compared to 51 per cent
in the Park.

THE CHAIRMAN: Mr. Huestis doesn't deal
with the 51 per cent.

MR. GRIMBLE: No. This is from the thesis.

Now, I might just browse through some por-
tion of the thesis. "The pathological condition of
the stands is generally good, though certain over-
mature areas should be given priority cutting rights".

"The only alienation of timber lands with-
in the park is permitted on a berth basis to allow the
cutting of mature, over-mature and damaged or dead
timber".

In other words, the inventory is only of
this type of timber.

COMMISSIONER GAINER: Mr. Grimble, could
I ask this? I am not familiar yet with the piece of
evidence you have there. In referring to the 51 per
cent and 48 per cent figures, is this the percentage
of the total park area?

MR. GRIMBLE: In all cases we deal with
the productive forest area.



COMMISSIONER GAINER: How much of the park does that include, roughly? Now, that doesn't matter really, but it is of the total productive and potential area

MR. GRIMBLE: There are 267,839 acres, which is the portion along the river valley and which is the portion Thorp's thesis deals with, and it is the proportion of the mature and over-mature where the study has been made.



MR. ROETHEL: May I add something to this which will probably help the Commission? The main block of the mature timber and the over-mature is along the Peace River, but it did not deal with anything outside of the two blocks. To get a total impression of mature timber we did a survey of the park and we came to the conclusion it would be about one million acres of mature timber to add to this 200,000. That is in the area of 11 million acres. There is not only 200,000 mature, there is more, but Dr. Thorp is dealing with mature timber so he does not mention outside of the Peace River blocks. He just mentions the two blocks which is 200,000. To give a correct picture it would not be 50 to 50 because there is much more mature timber in the park. We have tried to work it out from the figures that were available and we came to the conclusion of one million.

I did not do this survey alone. I got the assistance of a forester from the Peace River and the chief officer conceded I was right.

COMMISSIONER GAINER: What I am asking Mr. Grumble, to clear the same point up, the 51 per cent figure, for instance, refers to that portion of the 267,000 acres roughly?

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: And 50 per cent of the 267,000 acres is mature and over-mature timber?

MR. GRIMBLE: Yes.



COMMISSIONER GAINER: But besides the 267,000 acres there are extensive areas that are coming along and maturing?

MR. GRIMBLE: Yes, and there are other areas that not been studied so intensively, which make up the 1.8 billion. Mr. Harris' letter used the figure for the whole park. He is taking about 1.8 billion and he says:

"The question of maturity applies at this time mainly to the valuable stands of timber along the Peace River where approximately 60 per cent of the forest is mature."

This pretty well confirms Thorp's figure of 51 per cent. There is 1,000,400,000 in that year, and we are dealing with all timber under lease. That is, incidentally, in Hansard, the amount in each berth.

THE CHAIRMAN: You mean 1,400,000,000?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Now leased?

MR. GRIMBLE: Now leased.

COMMISSIONER GAINER: 1.4 out of 1.8 total?

MR. GRIMBLE: Is along the Peace River and is considered in this category of being 50 per cent to 60 per cent mature and over-mature.

COMMISSIONER GAINER: Mr. Roethel, at a later stage you will be following with your estimate of one million acres which you spoke of?

MR. ROETHEL: Yes. We had about 200



thousand acres of mature compared with 1,100,000 acres of immature, which would be a percentage of about 60 per cent from the mature to the immature.

COMMISSIONER GAINER: What was the first figure?

MR. ROETHEL: 200,000 acres of mature compared to 1.1 million acres of immature -- approximately 60 per cent.

COMMISSIONER GAINER: On an acreage basis?

MR. ROETHEL: Yes. We have not got volume.

THE CHAIRMAN: When you said 200,000 acres of mature timber do you mean 200,000 acres is all the timber, or was it in that 200,000 acres that 60 per cent is mature?

MR. ROETHEL: No, that is all mature. This is not included in Thorp's thesis of the timber outside this block.

THE CHAIRMAN: So there is a million acres of immature, 200,000 acres of mature that you calculated on the basis of aerial photographs?

MR. ROETHEL: Aerial photographs and maps of one inch to a mile.

COMMISSIONER GAINER: Do you remember, Mr. Roethel, in your 200,000 acres of mature and immature, how much of that would you say was Thorp's assignment and how much was outside of the blocks he studied?

MR. ROETHEL: Two hundred thousand.



COMMISSIONER GAINER: Yes.

MR. ROETHEL: Already mature he quotes 100,000 something, I believe.

COMMISSIONER GAINER: I think the area he has studied, he calculated 267,000.

MR. ROETHEL: Altogether.

COMMISSIONER GAINER: And 51 per cent of that was mature.

MR. ROETHEL: He shows on the table, mature timber 1,000,552 acres -- page 35.

MR. FOUKS: Of the Thorp thesis?

COMMISSIONER GAINER: Now, on your figures you feel you found another 100,000 acres?

MR. ROETHEL: Yes. We found them scattered around and we did not want to say there was not any timber at all to cut. It is a question of being economic, but it is there.

COMMISSIONER GAINER: Another 100,000 acres outside of the block studied by Thorp?

MR. ROETHEL: Yes. Otherwise I would not have got this 40 million, because Thorp says only 26 million and that makes a difference to this.

THE CHAIRMAN: When you reply to this would you mind reminding us of this and I will not make any notes now.

MR. ROETHEL: Of course.

MR. GRIMBLE: Just one or two things regarding that.



THE CHAIRMAN: You were going to say something, Mr. Grimble?

MR. GRIMBLE: Yes, I was going to say that comparing on the acreage basis is not the whole picture because stands in Wood Buffalo Park are very dense stands. I have heard these stands run 50,000 board feet per acre compared to a normal forest of 20 to 40 thousand feet per acre along the Peace River compared to stands outside of the park of 6,000. When you are dealing with the acres you are only dealing with the land.

COMMISSIONER GAINER: You are speaking of the density of mature and over-mature and not the total density?

MR. GRIMBLE: That is right. As far as those acreage figures are concerned, Mr. Denney's 165,000 acres and Swanson's, of course, are variable and Eldorado have some more, and these are all over-mature lumber.

THE CHAIRMAN: Denney's 160,000 ---

MR. GRIMBLE: 165,000 acres.

THE CHAIRMAN: And how much is Swanson's?

MR. GRIMBLE: I will have to look it up.

THE CHAIRMAN: Now, those two figures should be compared this way. Mr. Denney's are a total of 165,000 acres and not all of that is concentrated mature timber?

MR. GRIMBLE: The park area is.

MR. DENNEY: When this area was laid out



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it included only areas that were timbered, and on the maps excluded timber that is not of sufficient density to cut.

COMMISSIONER GAINER: How much do you think would be leased to the three operators?

MR. DENNEY: I think some are between 50 and 60 square miles -- 640 acres per mile. Ours is approximately 165,000 acres, Eldorado is working in an area that is not under a definite period but they obtain their timber at the rate of 160 acres at a time. There is a good many million feet of timber that is ostensibly set aside for that.

COMMISSIONER GAINER: These figures might well total more than 200,000 acres that we have been talking about?

MR. DENNEY: I would say that it does not include the big area of timber on the Birch River, nor in the Athabasca delta. Both areas include similar stands of mature limber which is completely inaccessible at the present time. I have the government figures on the Birch River somewhere -- between 160 and 200 million, and on the Athabasca delta I do not know what the figures are, but there is a substantial stand there also.

COMMISSIONER GAINER: Of course, there may be 50 or 60 square miles to Swanson ---

MR. DENNEY: I would say somewhere in that area. I think we have the figures here.



COMMISSIONER GAINER: That may not be nearly as large as yours?

MR. DENNEY: No. Their's is not nearly as large as the area we have.

THE CHAIRMAN: You say on the Athabasca and Birch rivers?

MR. DENNEY: Yes.

THE CHAIRMAN: They are large stands?

MR. DENNEY: They are not on contract and are inaccessible at the present time.

THE CHAIRMAN: Would a railway make them accessible?

MR. DENNEY: It would go through them. It is inaccessible in the summer time and too far to move in the winter time, and similarly the stands on the Birch and the Athabasca would be comparatively short winter hauls of either 20 or 25 miles to the eastern route.

THE CHAIRMAN: How big are those stands?

MR. DENNEY: The figures are somewhere between 160 and 200 million on the Birch river and I am not familiar with the figure on the Athabasca.

THE CHAIRMAN: One hundred and sixty million?

MR. DENNEY: Mr. Grimble has the figures right here.

MR. GRIMBLE: The Birch river region, 200 million. The railway crosses the Birch river.



MR. ROETHEL: Inventory.

MR. GRIMBLE: Yes, those are inventory figures. The lower slopes of the Birch Mountain, the railway runs along the lower slopes of the Birch Mountain, 70 million.

THE CHAIRMAN: And the Birch river 200 million, I think you said?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And what is your 70 million?

MR. GRIMBLE: The lower slopes of the Birch mountain.

THE CHAIRMAN: One is the Birch river and the other is Birch mountain?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Another 70 million?

MR. GRIMBLE: Seventy million, yes.

THE CHAIRMAN: This is all mature timber?

MR. GRIMBLE: It has not been defined. It is 150 years old, 10 inches or greater, and 150 years old.

THE CHAIRMAN: That is mature, is it?

MR. GRIMBLE: Oh, yes.

THE CHAIRMAN: What about the Athabasca delta? Is that anything comparable to this?

MR. GRIMBLE: Two hundred and fifty million.

THE CHAIRMAN: Two hundred and fifty million.

What are you quoting from, Mr. Grimble?

MR. GRIMBLE: The Federal Forestry inventory.



These are 150-year old mature and over-mature timber.

MR. FEEHAN: Perhaps that should be entered as an exhibit. It is the Federal Forest Inventory, 1959, Wood Buffalo Park, Exhibit 52-DD.

---EXHIBIT NO. 52-DD: Federal Forestry Inventory,
1959, Wood Buffalo Park.

COMMISSIONER GAINER: Is this not fairly close to what we were talking about a little while ago except it does not specify actually whether it is mature or immature?

MR. GRIMBLE: I do not think the 1.8 billion inventory is all mature and over-mature timber, so if you wanted to get the total inventory you would have to calculate everything over 150 years old ---

COMMISSIONER GAINER: And in the meantime the Birch mountain and river deltas you just quoted, you are not sure whether it is mature?

MR. GRIMBLE: No, it is mature and over-mature. The inventories in the park are only mature and over-mature, and we have no figures on anything else. That is why we cannot compare eastern and western routes by inventory alone.

COMMISSIONER GAINER: That is the case in the last exhibit, that is all mature and over-mature?

MR. GRIMBLE: Yes, sir. It is all 10 inches or greater and it is all 150 years old.



We have other areas in the Park that are on that sheet which would be made accessible by the railway, and these are the lower slopes of the Caribou Mountains - -

THE CHAIRMAN: Is that spelt C-A-R-I-B-O-U?

MR. GRIMBLE: Yes, sir, b-o-u.

THE CHAIRMAN: And where else?

MR. GRIMBLE: And this is 120 million of mature and over-mature timber; and then near Four Lakes and Conibear. These are located just north of the Peace Point rail location.

MR. THOMSON: Mr. Denney, you said that the timber on the Birch River and the timber at the Delta was inaccessible right now.

MR. DENNEY: They are so far from transportation that it isn't economic to move them out of there.

COMMISSIONER THOMSON: There are berths along the Peace River, through Providence Point and through that country.

MR. DENNEY: Well, the difference is that for our stands along the Peace River we have water transportation to move the logs.

COMMISSIONER THOMSON: You have channels there?

MR. DENNEY: Nothing that you can move logs on.

COMMISSIONER THOMSON: Could you cut these



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in the wintertime?

MR. DENNEY: Here is the Birch River, and all this timber along the Peace is in a narrow strip on each side of the Peace, and we are presently dumping them in the water and taking them downstream to our mill. If they were moved in the wintertime they would have to be moved on to trucks.

COMMISSIONER THOMSON: Must they be taken on the Athabasca and put on barges? Couldn't you put them on the truck and put them on the river? Didn't somebody say they could truck roughly 180 million economically?

MR. DENNEY: No. If these logs are put on barges, you have to take them to the mill and you still have your barge transportation.

COMMISSIONER THOMSON: Couldn't you have a mill on the Athabasca?

MR. DENNEY: If you put a mill down the Athabasca, this channel comes over here. It couldn't be done economically. These logs would have to go across Lake Clare and there just isn't sufficient water to do it.

COMMISSIONER THOMSON: I am not thinking of Lake Clare. Why couldn't you put your saw mill, say, on the Athabasca River? You have your saw mill, I take it, up in the Slave?

MR. DENNEY: Yes.

COMMISSIONER THOMSON: Why couldn't



these people take logs about 40 miles or less? You bring yours up this way on barges, I understand.

MR. DENNEY: We barge our lumber at the present time.

COMMISSIONER THOMSON: I am just trying to get why you say these logs are inaccessible if there isn't a railway. You could truck them over to your saw mill and you would have saved about 200 miles transportation by that time.

MR. DENNEY: I don't think that is the case, because you have a tough conditions problem through this country and you couldn't possibly log there in the summertime because of bad - -

COMMISSIONER THOMSON: I understand you couldn't log in the summer, but you could do a bit of logging in the winter.

MR. DENNEY: You have four months, January, February and March, and you have a break-up in April. In the summer these logs would be put in the river. So we, in effect, lose a month to six weeks during break-up, a month during freeze-up, so we get nine to ten months of logging in there.

COMMISSIONER THOMSON: In other words, there is nobody has had any desire to log that country, otherwise it would be no more impossible than any other part of the country as it stands today.

MR. DENNEY: Your mill would have to be down here in the Delta, which has got very poor land to build



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a mill on in the first place, because you just can't barge logs upstream.

COMMISSIONER THOMSON: You are on a water transportation route right there, are you not?

MR. DENNEY: Yes.

COMMISSIONER THOMSON: You could have a barge call in and pick them up at any time.

MR. DENNEY: I don't think you could barge logs economically.

COMMISSIONER THOMSON: I thought you barged them.

MR. DENNEY: We raft the logs.

COMMISSIONER THOMSON: I am talking about saw timber. You could saw these logs at the Delta and bring them up to Waterways with the same effort as you could up the Slave.

MR. DENNEY: Except that you have much heavier transportation along the Slave and it is a much more expensive operation. If you did that it would have to be with comparatively small mills.

COMMISSIONER THOMSON: You say it is impossible. You mean not so easy.

MR. DENNEY: I would say it is awfully hard.

COMMISSIONER THOMSON: But not impossible.

MR. DENNEY: I wouldn't say it was impossible.

We looked over this area before we went down to the Peace River area. We looked at the area north of Grimshaw as well, but decided on this area because of



the water transportation we had for moving the logs.

MR. GRIMBLE: I might add a word to that.

There was a mill operated here in 1956 and 1957. They logged the material just adjacent to the river and they found with these stands of timber and with poor transportation it wasn't an economic venture. Further - -

THE CHAIRMAN: Mr. Grimble, you were saying there was some more mature and over-mature timber near Four Lakes and Conibear Lake.

MR. GRIMBLE: 40 miles of softwood. These are all softwood, white spruce. These figures are only the white spruce and they don't include the deciduous at all. Softwood could be the pine.

I might refer you to the exhibit in regard to maturity which - -

THE CHAIRMAN: You have dealt with the additional lumber that is mature and over-mature in the Wood Buffalo Park.

MR. GRIMBLE: These locations, the Birch River region, the lower slopes of the Birch Mountains, the lower slopes of the Caribou Mountains, in the vicinity of the Four Lakes and Conibear Lake. These figures we have given are the inventory figures for mature and over-mature. As to the figure of merchantable sawlog dimension which are presently not underneath, there is 250 million board feet in the Athabasca Delta, a portion of which is operated by the Eldorado, where they take 160 acres as they require



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it.

THE CHAIRMAN: 250 million on the Athabasca Delta, 200 million on the Birch River, 70 million on the lower slopes of the Birch Mountains, 120 million in the lower slopes of the Caribou Mountains and 40 million near the two lakes, Four Lakes and Conibear Lake.

MR. GRIMBLE: Yes; and in addition to that there is Swanson's and Denney's leases. These figures are only within Wood Buffalo Park.

THE CHAIRMAN: How many acres in Wood Buffalo Park?

MR. DENNEY: 17,300 square miles.

MR. ROETHEL: 11 million acres.

MR. GRIMBLE: This is a letter from Mr. Huestis, and I might read the last paragraph. "You may assume - -

THE CHAIRMAN: Is that the one that is already in?

MR. GRIMBLE: Yes, sir. "You may assume a rotation age of 110 years. Overmaturity is not a problem at the present time. As far as the future is concerned it depends on the degree of timber development in the next few decades and on our fire losses, both of which are very difficult to predict".

In other words, what he is saying is that in the Lac la Biche area and in the Peace River Division over-maturity is not a problem, in contrast to Wood Buffalo Park.

THE CHAIRMAN: What is that exhibit again?

MR. BISHOP: 52 (cc).



MR. GRIMBLE: I was going to read a few extracts, and these are from this Alberta Resources Conference that I mentioned previously, which was held this January.

There is a paper by the forester in charge of the forestry inventory for the Alberta Government, and in dealing with white spruce he mentions that this species reaches its best development in Alberta in the alluvion plains of the Peace River in Wood Buffalo Park. He also mentions that trees 20 feet in diameter and 100 feet high have been reported along the alluvion plains of the Peace River.

I have a note from the same publication regarding over-mature timber. However, I think we have covered that fairly well.

In the same article, dealing with the problem regarding insects and fungal attacks he says:

"The situation will continue as long as there are large areas of over-mature timber in a decadent condition left to harbour and multiply insects and disease. These stands, lacking in vigour, are more heavily attacked than are younger and more resilient stands. Over-mature timber may be located on the inventory maps, as such stands are included in the forest classification. As a great many of these stands are relatively inaccessible at present, losses due to fungal and insect



attack could be high until regions containing such over-mature timber are opened up and these stands are removed."

Then highlighting the fact that over-mature timber is not a good situation and in Wood Buffalo Park taking over the over-mature is going to make better grazing conditions for the buffalo.

Mr. Thorp says in his thesis on page 24 -- he talks about over-mature timber and the annual allowable cut, and he says:

"In this manner the cumulative figures for years to come indicates that the cutting will require 162 years, therefore an increased cut to remove present over-mature merchantable timber more rapidly seems feasible."

In these stands alone that he is dealing with along the Peace River, he says on the basis of his annual allowable cut, which is in the order of 26 million, that deals with probably only half of the inventory -- he says that the 26 million a year, the cumulative figures, would indicate 162 years. He is also saying that our 50 million is probably low for the first years because it would be desirable to cut faster and get this over-mature timber out quickly. However, he says, based on the figures he has given, there is 162 years of cut along the boundary of the Peace River, not including other areas which were outlined which represent an



equal portion of mature and over-mature timber.

THE CHAIRMAN: Long before the lapse of 162 years that mature timber will be destroyed.

MR. GRIMBLE: Yes, he is point that out.

THE CHAIRMAN: That is page 24 of his thesis?

MR. GRIMBLE: Yes, that is what I am reading from. He then deals with cutting priority:

"Cutting will necessarily follow a chronological course governed by the maturity of the stands. The over-mature stands will be logged first, followed by the mature and thrifty mature."

On the following page, page 25, he says:

"Clear cutting also would appear to be the best method of obtaining more even age class distribution. The large areas of mature and over-mature timber at present will have to be cut with this regulation in mind."

MR. FOUKS: Perhaps you would like to go back to page 24 and finish the paragraph you started regarding priority, just to keep it in context.

MR. GRIMBLE: I do not mind. I did not mean to leave anything out, but I do not want to bore you with reading too much. On page 24 it goes on:

"Accessibility of stands should be no problem here, as all the stands are located a reasonable distance from the river. The relatively small area of some stands might



create some problem in making settings, but use of portable mills should solve this factor."

What he is saying here is that with this mill up along the Peace river, by floating down the Peace river there is no difficulty in doing that. Mr. Denney has pointed out, however, even with the accessibility of the river, the trip, the barging is better brought to the Waterways and makes this a marginal operation, and that certainly curtails the cut from the annual allowable cut of 50 or more to considerably less. The market is such that it is not feasible to produce this annual allowable cut under present market conditions with the problem of transporting by barge and transshipment and rehandling at Waterways.

MR. FOUKS: I might also say that the following paragraph does not indicate the density that would be here. Some evidence was given that the density was far greater than anywhere else in Canada.

MR. GRIMBLE: The trees grow in patterns and there may be some patterns back from the river, smaller areas which would create a problem in access.

MR. DENNEY: I might say that in this stand of timber along the Peace River there it averages between 10 and 40,000 per acre, and with an average of around 20.

COMMISSIONER GAINER: I am having a little trouble following how you can calculate the mature and immature timber over a period as long as 160 years



when more timber would become mature every year. That 25 million figure a year, this would work out to about a 4 billion inventory figure, presumably, taking all the 160 years. Is that in line with what we have had so far, or is a lot of timber ---

MR. GRIMBLE: It is a cumulative figure, and what he is saying here is that there will be material available year after year as you cut the over-mature and mature, because other timber comes along. He says "cumulatively" and that means adding in what is growing there would be enough production for 162 years based on his annual allowable cut.

COMMISSIONER GAINER: This would include a lot of timber which is not now mature and over-mature.

MR. GRIMBLE: Within the 162 years, yes.

MR. ROETHEL: The present mature timber would be cut.

COMMISSIONER GAINER: At 25 million a year.

MR. ROETHEL: Yes.

MR. GRIMBLE: But this 162 years is assuming there would be some growing behind.

MR. ROETHEL: If you work out the cutting plan it does not always work out to 150 -- it could be 140 or 160, and that is what he is indicating. One hundred and sixty-two years for a large area you cannot figure out such a large area.

MR. GRIMBLE: In this regard we might note he gives the growth rate on page 7, which is the growth



rate we experience in the rest of Alberta:

"White spruce trees averaging about 15-inch dbh show a decadal growth of approximately 0.4 inches."

That is what is accepted as the growth in the rest of Alberta.

COMMISSIONER GAINER: I am just trying to check all of the figures we have had, and in Thorp's case it was 56 years to cut the presently over-mature at 25 million a year -- it might be 28 -- actually, a little less than that.

MR. GRIMBLE: We are only dealing with the area along the Peace river which is half of the total volume of mature and over-mature timber. That is why we used the 50. We were dealing with Thorp's thesis showing 26 million for half of the mature and over-mature timber and the other half would be made available and accessible by the railway, making a figure of 50. Using the 50 we estimate it would take 57 years to cut mature and over-mature timber on this basis alone. Is that clear?

COMMISSIONER GAINER: No, it is not.

THE CHAIRMAN: I missed it too.

MR. GRIMBLE: I will try it again. The mature and over-mature timber along the Peace river is the part that Mr. Thorp is dealing with, and he works out an annual allowable cut of 25 or 26 million a year for this timber, and this is only half



approximately of the timber in the park which is mature and over-mature.

COMMISSIONER GAINER: Based on whose figures?

MR. GRIMBLE: On the inventory figures that we read out regarding the Cariboo Mountain and the others. This comes to 1.85 billion, but Thorp was talking about one billion, so it is roughly twice, so what Thorp gives can be multiplied by two and this leaves 57 years at his rate of cut to cut the mature and over-mature timber.

COMMISSIONER GAINER: That is 25 million?

MR. GRIMBLE: Yes, just what we used up there. We doubled his rate because he was using half the area.

THE CHAIRMAN: When you say 50 million you are assuming another 25 million for the timber in the Athabasca delta, Birch Mountain, Birch River, Cariboo Mountain --- ?

MR. GRIMBLE: Yes, those are the inventory figures.



THE CHAIRMAN: You have assumed another 25 million for all that over-mature timber.

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: In addition to the 25 million?

MR. GRIMBLE: Yes, sir.

COMMISSIONER GAINER: Those figures total 700 million, don't they, the figures you read out?

MR. GRIMBLE: They should total about 700 million, yes; nearly the total of what Thorp says. But the cutting should be speeded up as Thorp says, it should be faster.

COMMISSIONER GAINER: You gave us an inventory figure in the park of 1.8 billion.

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: That would include, roughly, the 700 million of these other districts.

MR. GRIMBLE: Yes, sir, that is right.

COMMISSIONER THOMSON: Now, that figure you gave us for the Delta - I am still trying to find out. You say it is very hard to log, apparently. Just what difference is a railroad going to make to the inaccessibility of that timber? Don't you think the timber on the channel would be more accessible?

MR. DENNEY: You would have to have the cost of moving it on the water when you get to the water.

COMMISSIONER THOMSON: This area would be only 25, 30 miles from the railway and it could be



trucked to the railway. You say you couldn't truck it.

MR. DENNEY: You couldn't truck it, load it on to trucks and then dump it again. We can't move this to this river and then down to our mill, because we have extra loading and trucking in there.

COMMISSIONER THOMSON: Why couldn't you do it on the Athabasca?

MR. DENNEY: We are a small mill operation, a scattered operation.

COMMISSIONER THOMSON: I can't see why that stuff on the Athabasca would be any more inaccessible. But you say for a small mill operation.

MR. DENNEY: Yes. In here - you see, for instance, in the Birch River you are going through some of these stands with the railroad and you couldn't log in the summer, at least certain portions of it; but as a general operation you couldn't log in the summertime. It would be a seasonal operation. It would have to be winter logging with the small mills and to the railroad.

MR. FEEHAN: I think what Mr. Denny is saying is that if you use the water you would have to trans-ship twice; if you use the railway you would have to ship once.

COMMISSIONER THOMSON: I understand that you presently load it on the river and take it down 90 miles to your mill and you turn around and haul it 90



miles and then go up to Waterways.

MR. DENNEY: Well, the thing is, moving the logs downstream is very expensive. We are doing it at present at between two and a half dollars and three dollars a thousand. We have the cheap water transportation. This is the only thing that is saving our bacon, so to speak. There are other advantages in having a mill down in an area which we have: there is no labour problem down there; there is housing and schools, whereas if you are in the bush you have a bush operation, which makes it tough. But as far as the Delta of the Athabasca is concerned, at the present time it would have to be strictly a four-month operation.

COMMISSIONER THOMSON: But a railroad wouldn't make any appreciable difference to that stand, would it?

MR. DENNEY: No, but that is the way it is done a lot in Alberta, where you have muskeg problems and they are seasonal operations. It would follow pretty well the pattern of Alberta at the present time.

MR. GRIMBLE: I think it is a fundamental matter of economics and it is marginal with the present transportation, but this could be available and even logged. It is physically possible, but it is a matter of economics.

THE CHAIRMAN: This is all on the assumption, is it, when you are speaking of what can be done, that



the Spokane rates would be applicable?

MR. DENNEY: I would say even if they were not applicable, if it was put in another rate classification, the rate might not be very much more. We have Spokane rates in California as compared with San Francisco, and there is a difference of about 400 pounds, which amounts to about 75 cents. So even if it was put in a little higher rate classification, it wouldn't make any appreciable difference.

COMMISSIONER GAINER: Just on the operation itself, if you were logging in west, west of Lake Clare, would you rail your logs?

MR. DENNEY: No, we wouldn't manufacture there. There would be mills built in some other place.

COMMISSIONER GAINER: You don't think it would be economic to rail them in.

MR. DENNEY: I would say that with the large amount of mature and over-mature timber in there there should be other mills put in there to cut it out, otherwise there is going to be a loss in the over-mature timber.

THE CHAIRMAN: What time do you ship your manufactured lumber out from your mill?

MR. DENNEY: The barges usually get into Fort Fitzgerald somewhere between the 7th or 8th of May to the 16th or 18th. This year I think it was around the 16th, and then the barges are unloaded in a day or two and continue up until around the 1st of



October.

THE CHAIRMAN: You told us a few days ago how much you expect to manufacture there now, without the railroad. How much is that?

MR. DENNEY: Well, it will depend on the market, but we have in mind to manufacture between 20 and 30 million a year annually, with the present types of transportation. That would be a normal year.

THE CHAIRMAN: That is what you expect now?

MR. DENNEY: Yes.

THE CHAIRMAN: And that comes up by water to Fort Fitzgerald.

MR. DENNEY: We only expect to ship some of it south and the balance of it north.

THE CHAIRMAN: Do you pay for getting that lumber out of McMurray?

MR. DENNEY: The rate is \$8.00 a ton, which comes to \$7.30 per thousand board feet. That, of course, is plus handling; we have to handle it ourselves. We estimate a cost of another \$2.00; we load it on the barges and unload at Waterways and load it on cars.

THE CHAIRMAN: So \$8.00 a ton is just the shipping cost which you pay?

MR. DENNEY: That is right, and we estimate about a dollar a thousand feet for loading the barges at the mill site, and it is about two and a half dollars a thousand for the handling at Waterways on to the cars.

THE CHAIRMAN: That is a dollar a thousand,



and that is very close to a ton, isn't it?

MR. DENNEY: Yes. The lumber is shipped on 1800 pounds weight.

THE CHAIRMAN: From there on you pay freight rates to the railroad.

MR. DENNEY: Yes.

THE CHAIRMAN: And you would hope to save all of that on the basis of the Spokane rates.

MR. DENNEY: Yes, if Spokane rates apply we would save all of that. If a higher rate applied there would be that less a difference in the rates.

MR. THOMSON: Except loading it on the railway.

MR. DENNEY: Yes, but loading it on the railway is considerably cheaper than loading it on barges, because we have to maintain a tug for loading it on to barges.

COMMISSIONER THOMSON: Why is your unloading higher than your loading?

MR. DENNEY: Most of the lumber is put in box cars and it has to be loaded on a piece at a time, and you have the lift operators at Waterways.

COMMISSIONER GAINER: On the basis of your present limits and an anticipated amount of 20, 25 million a year, what do your reserves look like? How long do you expect your present limits to last?

MR. DENNEY: We have the government figures on the inventory on our limits. It is approximately



a billion feet. On our contract it is $18\frac{1}{2}$ years, plus a renewal, with a total of 39 years.

THE CHAIRMAN: You can get out approximately a billion feet under present circumstances?

MR. DENNEY: Approximately a billion feet, yes. I might say that in order for us to cut that much timber within the contract time, our cutting has to be increased above the 30 million feet a year, depending on the timber that is mature meantime, and I might also say that our saw mill is built to do that at the present time.

THE CHAIRMAN: So you anticipate coming up beyond that 30 million.

MR. DENNEY: If the transportation is improved. I doubt if Northern Transportation could physically handle above the amount we have anticipated. If we increase our cut to 40 or 50 million it would mean that all of our lumber would have to be moved in a short space of time - June, July, August and September - and I doubt if they could handle it.

THE CHAIRMAN: I suppose they could increase their equipment readily.

MR. DENNEY: I suppose they could. They have Swanson's cut to move also; and our mill is new and we haven't shipped a full season yet, so it is hard to state exactly how it is going to work out.

THE CHAIRMAN: How much is Swanson's cut, do you remember?



MR. DENNEY: I don't remember exactly.

MR. GRIMBLE: 22 million in a period of -
they got their lease in 1955 and they cut 22 million
up to this Spring.

MR. FOUKS: Four years?

MR. GRIMBLE: If they start right away. They
had lease in August the 1st and they had a flood and
a fire, so this is probably based on a three-year pro-
duction. This is just Swanson

MR. FOUKS: 22 million for the year 1956.
The only person left is Eldorado, and therefore for
local consumption only.

THE CHAIRMAN: I didn't follow that question,
Mr. Fouks.

MR. FOUKS: This car load table indicates
from Wood Buffalo Park for the last three years a
total of 43.5 million. Now, assuming that Swanson
was 22 million, that Swanson's figures are correct,
which was 22 million, Mr. Denney indicating that he is
only in the exploratory or initial stages and there-
fore no part of it, I am just wondering where the
balance is coming from, if these figures are correct
or not.

MR. GRIMBLE: Eldorado has been producing
about 4 million a year.

MR. FOUKS: That is for consumption?

MR. GRIMBLE: For Uranium City, yes. Does



that add up now? Denney said they had 7 million.

COMMISSIONER GAINER: Yes. Well, I understood Mr. Denney's evidence earlier that he had produced several million a year.

MR. DENNEY: Yes, up to date. Last year we ran somewhere between $1\frac{1}{2}$ million and 2 million feet on a test run basis, and this year it has been up to somewhere between 3 million and 5 million.



COMMISSIONER GAINER: A total production of
what? About 7 million?

MR. DENNEY: Yes, it will be something like
that.

MR. FOUKS: Total production?

MR. DENNEY: Total.

THE CHAIRMAN: It is far out now?

MR. FOUKS: Perhaps my mathematics are wrong.
Swanson was 22 over three years, did you say?

MR. GRIMBLE: From 1955 -- they got their
lease in 1955 -- these figures you are questioning
are from the forest inventory of the federal govern-
ment, if you want to go back to the basic source.

MR. FOUKS: Actually I want to find the
discrepancy. Mr. Baldwin called me from Peace
River this morning and quoted these figures on the
phone, and he indicated from 1956 to 1959 -- these
were quoted in Hansard, which I have not got --
three years, a total of 24 million from 1956 to
1959, which is 8 million per year. Now, I know
there is Eldorado on top of that.

THE CHAIRMAN: Twenty-four million from
Wood Buffalo?

MR. FOUKS: Yes. Mr. Baldwin over the
phone may have misquoted the figure or I may have
misunderstood him, but I am trying to get a



clarification.

MR. GRIMBLE: By the looks of it it adds up.

COMMISSIONER GAINER: But you would assume yours would include the Eldorado cut?

MR. FOUKS: I would assume so, but maybe that is the discrepancy.

MR. GRIMBLE: We have the cuts for every year from the federal government since 1951, and we have from Hansard the cuts.

MR. FOUKS: That may be the discrepancy, 24 million plus the 12, which is the Eldorado, and 7 from Denney totals 43.

THE CHAIRMAN: Is it possible that is the amount of lumber coming south over Northern Transportation?

MR. FOUKS: No, I believe Swanson's evidence was that part of his cuts near Eldorado is being used. I guess that would be the Northern Transportation being used in Uranium City. That is fine. I just want to get the figures straight in my mind.

THE CHAIRMAN: Is this a convenient time to adjourn? Mr. Grimble, have you much more to say about timber?

MR. GRIMBLE: I would like to clarify the 13 figure because Mr. Regan has completed his cut calculations.

THE CHAIRMAN: All right.

MR. GRIMBLE: Thirteen was right. We



conceded 15 -- perhaps we should type this page up and make it available after lunch.

THE CHAIRMAN: Well, I do not suppose anything hinges on it. If that is the right figure then the figures you quoted were slightly in error, were they not?

MR. GRIMBLE: I have not found where the differences are, but Mr. Regan has checked it very thoroughly.

THE CHAIRMAN: I do not know where they are either.

MR. GRIMBLE: Possibly our addition was wrong here.

THE CHAIRMAN: Is that 676 or 626? That is the same thing. You are dividing by 57.5 instead of 60.

MR. GRIMBLE: That is because the difference is 37 and 37 from 50 is 13. Actually what it is is spruce 60 and pine 55, and it averages out to $57\frac{1}{2}$.

THE CHAIRMAN: Have you much more on timber?

MR. GRIMBLE: Yes, I would like to deal with the deciduous and then the pulpwood.

THE CHAIRMAN: The reason I am asking is just this: Mr. Roethel wants to get back tonight and he has something he would like to tell us, I think.

MR. ROETHEL: Yes.

THE CHAIRMAN: Do you think you will be very long?



MR. ROETHEL: No, half an hour.

THE CHAIRMAN: Do you think you are likely to be all afternoon, Mr. Grimble?

MR. GRIMBLE: I think probably an hour or an hour and a half if we do not make any more mistakes.

THE CHAIRMAN: Unfortunately I have an engagement this afternoon from about five o'clock to eight o'clock, so suppose we adjourn now until 1.45. This room is being used for some other purpose this afternoon, so when we come together again it will be in courtroom No. 1, the Appeal Court room.

---Luncheon adjournment.



---On resuming at 1.45 p.m.

THE CHAIRMAN: Now, where are we starting? You gave us some figures which you got over the telephone this morning from Mr. Baldwin?

MR. FOUKS: Yes.

THE CHAIRMAN: Anything further?

MR. FOUKS: No, these figures will coincide when you consider Eldorado. He probably ignored the 4 million.

THE CHAIRMAN: Mr. Grimble, are you ready to go on?

MR. GRIMBLE: We were just going to sum up with a paragraph on the discussion we had before lunch. I would point to the fact that on the eastern route apparently, with the present market and the present economy, it is a marginal operation and the mature timber will probably not be taken out unless the railway is built. Also, there is little access in the operation in Alberta to fighting fires in contrast to the western route. There is a highway under construction which will result in heavy duty loads such as 72,000-pound gross, making the economics of this portion of the western route better than it is at the present time, and also the need for taking out this timber which is not mature is not present; consequently it can be deferred. When the time comes for



maturity and for the timber to be taken out there is a good highway available and when the market conditions are proper it will be taken out. Also, present highways give you access for fire-fighting and consequently fire losses on the western route can be expected to be less, whereas on the eastern route there is no access. The fire losses continue to be high and this will be lost to our economy.

That is by way of summing up what we said this morning.

THE CHAIRMAN: Does that conclude what you have to say about timber?

MR. GRIMBLE: No, only sawlogs. We dealt this morning exclusively with coniferous saw timber.

THE CHAIRMAN: Before you leave that, I think you are saying now that there is some doubt as to whether that over-mature timber would be taken out unless a railway is built?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: I understood from Mr. Denney that he intended to take out some 20 million feet a day in any event, whether there was a railroad built or not, and if the railroad is built he expects to take out 30 million.

MR. GRIMBLE: Yes, 50 million allowable annual cut, which can be increased, according to Mr. Thorp, of mature and over-mature timber. This figure will not be reached without a railroad access.



As Mr. Denney says, probably they will continue to produce 20 million board feet under the present conditions, which would leave 30 million or more per year which would never be taken out and it would rot in place.

MR. FOUKS: On the basis of that 20 figure -- I had it 20 to 30 that Mr. Denney said this morning -- you have to add onto that what Swanson is taking out and Eldorado, so you are close to 40, between 30 and 40 anyway, without the railroad.

MR. GRIMBLE: It is a function of economic conditions. Eldorado took out 4 million during their expansion programme, Swanson took theirs out during good economic years, and I am sure Mr. Denney would agree that his production would depend on economics. If there is a poor market year it could be 20 million would be the maximum production under the present stumpage fees and the present transportation. I maintain it would be 30 million only cut, but not taken out, if there was not a railroad.

THE CHAIRMAN: I would like to ask you something about the railway rates of calculations. So far these have been based on the assumption this applies both to the east and west. Everything is based on the assumption that the Spokane rates will be in effect for anything that is taken out on the east or west route. Is that the assumption?

MR. GUEST: Mr. Chairman, the Spokane rates operate from Grimshaw and Waterways. The



railways have not offered a figure north of Grimshaw or Waterways. If we look at the P.G.E. as somewhat comparable there is an arbitrary over at Prince George, which is so many cents a hundredweight on the so-called Spokane rate itself. I will check this, but I think it is 6 cents a hundredweight; that is an arbitrary of 6 cents. This is in addition, over and above the Prince George rate.

COMMISSIONER GAINER: The same ton rate, Prince George, Grimshaw, Waterways?

MR. GUEST: Yes. I want to check that, but there is an arbitrary over it.

COMMISSIONER GAINER: Based on what -- mileage?

MR. GUEST: Based on mileage and competitive conditions on the Northern Alberta Railway to Dawson Creek. In other words, there is an area between Dawson Creek and Prince George where the rates go up, and then they descend to the same rate at Dawson Creek and Prince George. I mean, I think the railways could possibly put an arbitrary on and I am inclined to agree with Mr. Denney that it would not be excessive.

COMMISSIONER GAINER: That is what I would like to ask. This 6-cent arbitrary is a P.G.E. figure?

MR. GUEST: Yes.

COMMISSIONER GAINER: Have you other



examples of this with the other railroads? You would not know what Whitecourt was?

MR. GUEST: No, I would not offhand. I think I can find this out for you and certainly with Mr. Gordon here ---

COMMISSIONER GAINER: Could you give us an expression -- this 6-cent or some similar figure, does that arbitrary seem low compared to other rates per ton-mile? It is not intended to bear a very heavy ---

THE CHAIRMAN: You call that an arbitrary, do you?

MR. GUEST: Yes, anything that is in addition to a rate which is not based on -- it may be based on mileage and perhaps other factors.

COMMISSIONER GAINER: It is an adjustment?

MR. GUEST: It is an addition on account of different things, extra mileage or something else.

THE CHAIRMAN: The term is an arbitrary; you do not say an arbitrary rate, just an arbitrary?

MR. GUEST: Arbitrary. The way the rates are developed is rather a complex question, but basically if you use lumber rates on the P.G.E. they then develop as a result of arbitraries over Vancouver or over Prince George to the rates in existence at Prince George or at Vancouver, the coast rate at Vancouver or the Spokane rate.

For instance, the transcontinental rates to Chicago range from \$1.40 at Vancouver, the coast rate



or Prince Rupert, to \$1.48 at Quinelle or Williams Lake, down to \$1.30 at Prince George. Now, these variations in rates are as a result of arbitraries which in origin were imposed by the Pacific Great Eastern Railway in this case over the basing points, Vancouver or laterally Prince George, once they connected up with the railway.

COMMISSIONER GAINER: Whatever the arbitrary that is struck on this, would it be reasonable to assume that it is likely to be the same principle involved in both rates, that it would be Grimshaw and Waterways ---

MR. GUEST: I would say yes. That is my opinion, but only the railways will have to decide. I would say it would be the same over both points if there is an arbitrary.

COMMISSIONER GAINER: Unless there is a special competitive factor that is operating right in the district?

MR. GUEST: Yes, but on the transcontinental rates into American points -- and this is only the American points -- I do not see any competitive factor there for Grimshaw or Waterways. Now, the only competitive factor beyond that would be either truck or barge competition, and it is doubtful whether they would be able to compete with the railway; in fact, they cannot, in my opinion.

THE CHAIRMAN: The barges could not compete with the railway?

MR. GUEST: Not on the transcontinental,



they certainly could not compete rate-wise with the railway on lumber traffic.

COMMISSIONER GAINER: And on the long haul?

MR. GUEST: On the long haul, no.

THE CHAIRMAN: At what time of the year would you be bringing out most of your lumber, Mr. Denney? You log it in the winter time, most of it, do you not?

MR. DENNEY: No, in our operation we log the year round.

THE CHAIRMAN: Most of it in the winter time?

MR. DENNEY: No. We do a large portion of our logging in the winter time, but we also log in the summer as well.

THE CHAIRMAN: So one month you do as much logging as the other?

MR. DENNEY: Except during the freeze-up in the fall and break-up in the spring.

THE CHAIRMAN: You would normally be shipping from your mill about the same amount of lumber from one month to another?

MR. DENNEY: Except for shipments in the spring. In the event of a railroad they would generally be heavier in February, March and April, preparatory to the spring market.

THE CHAIRMAN: You would like to ship your lumber out in the spring, would you?

MR. DENNEY: That is when we would like to emphasize the shipments, that is right. It would be



similar to our operations in California. At this time of year we are shipping somewhere around 55 per cent of our production and the rest is going to the drying yard and will be marketed during the months of February, March, April and May. The construction season is usually much heavier starting around April and May because of the opening up and the ending of the winter season when construction is lower, and usually the market has a stronger demand in these months.

THE CHAIRMAN: February, March, April and May?

MR. DENNEY: Yes, and there would probably be 55 per cent to 60 per cent of our production conveniently shipped even in the winter months.

THE CHAIRMAN: Would you ship out, say, 40 per cent in the slow months?

MR. DENNEY: We would ship probably 120 per cent to 130 per cent of our current productions in those months, and then during the summer months shipments would continue to be heavy, although not as heavy as those four months. The months of October, November, December and January would probably be lighter, probably 55 per cent of our production at that time.

THE CHAIRMAN: So it is not only a question of rates, but a slight advantage on a point of convenience, to ship your lumber out when water shipment is not available?



MR. DENNEY: That is right. The lumber market is normally very good in the spring because of the fact the house building starts as soon as winter is over, and there is a big demand for it. Usually the yards that stock this lumber for the contractors will build up their inventories some weeks -- four to six weeks, maybe even two months -- before the housebuilding starts, so that it will be on hand for the contractors. The markets are always stronger in the spring. For instance, right now the market is weak and there is a tapering off of construction until spring. It will probably be much better in the spring. That is one of the factors I mentioned when I was here before, getting lumber on the market when it is needed is really a great factor to us.

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COMMISSIONER GAINER: And you still plan to have a storage operation, even of piled lumber or in logs, which you would still plan to bring down in the summer, saw logs most of the winter.

MR. DENNEY: Yes, we would have a fairly heavy inventory of the logs during the summer. We would still ship a fairly heavy portion of our lumber in the wintertime, because there is a lot of lumber used in the wintertime, but the shipments would be lighter during those winter months and increase in the Spring.

I may point out - we were discussing these freights a bit - if a rate were assigned to this area above the Spokane rates, and let's assume it did go to 6 cents - for instance, even a ten cent arbitrary rate would still make only a dollar, eighty cents, compared to our dollar and a half and re-loading at Waterways, which is about \$2.50.

THE CHAIRMAN: That is about a \$1.80.

MR. DENNEY: It would be about a \$1.80 per thousand board feet, compared to \$7.30 of barge rate and a re-loading cost of about two and a half.

THE CHAIRMAN: That concludes everything you have to say on the sawlogs, is it, Mr. Grimble?

MR. GRIMBLE: This extract deals with sawlogs and deciduous. I might deal with it now. This is on page 16 of Mr. Thorp's thesis.

I might point out that Mr. Denney's operations



and his housing and personnel are resident inside the District of Mackenzie, Fort Smith, which is the area under consideration in the terms of reference, and this is what Mr. Thorp has to say in this regard:

"To a large extent the future population of this region will be determined by its economic growth. The most difficult and urgent problem to be faced is transportation. The long distance between settlements and the sparse population make traffic density very low, and this in turn makes any form of transportation expensive.

Industry of any kind will be faced with the higher cost of parts and supplies coupled with a higher cost of living, caused by the long freight haul. Imported skilled labour must be better paid or subsidized to off-set the higher living costs. In addition the short navigational season on the rivers requires the keeping of high inventories. The slowness and infrequency of river transport often causes difficulties in maintaining maximum production through delays in getting spare parts for equipment".

The last paragraph:

"In view of present and future economic development, it is reasonable to assume that a flourishing lumber industry on the Peace River would provide employment for many local residents, particularly natives, and generally help stabilize the economy of the entire region".



I think that pretty well concludes sawlogs, sir.

We have dealt, of course, with coniferous trees exclusively pretty well in this portion, and I think we might deal with the plywood aspects. Again quoting from Thorp's thesis and again dealing only with Wood Buffalo Park, he mentions - -

THE CHAIRMAN: What page?

MR. GRIMBLE: I am sorry, page 26.

THE CHAIRMAN: This is page 26 of the copy we have as an exhibit, I presume.

MR. GRIMBLE: Yes, page 26 of the thesis.

"The balsam poplar can conceivably be utilized in the manufacture of sheathing plywood. Much of this plywood is being produced in western Canada, and a mill has already been proposed for this area. Though the volume of this species is very minor compared to the spruce" - which is the spruce we were dealing with previously - "there would be adequate volume for a small plywood plant".

In this regard we might refer now to Mr. Harrison's letter of September the 24th which has been quoted from before.

"A question has been raised regarding the quality of the large volume of poplar which has been considered for plywood. However, a decay study made this last summer suggests a much better condition than some earlier reports indicated, though the



data have not yet been worked up and conclusions now would be premature."

They did a decay study this summer; he is referring to that. There isn't a report out yet, but there is an indication that is quite favourable for the possible use of this plywood.

MR. FEEHAN: Perhaps this should be entered as an exhibit, sir.

THE CHAIRMAN: Yes.

MR. FEEHAN: A letter from Mr. Harrison dated the 24th of September, addressed to L. G. Grimble. That will be exhibit 52 (ee).

--- EXHIBIT NO. 52 (ee): Letter dated 24th September, 1959.

MR. GRIMBLE: This has dealt with the poplar in Wood Buffalo Park, and I propose to deal with the poplar in the portion in northern Alberta at McMurray. In this regard I have a letter from Zeidler Plywood Corporation Limited in Edmonton, which I would like to read.

MR. FEEHAN: That will be 52 (ff).

--- EXHIBIT NO. 52 (ff): Letter dated September, 25th, 1959.

MR. GRIMBLE: It is a letter addressed to myself from Zeidler Plywood Corporation Limited.

"Further to our conversation regarding our prospects of operations north of Waterways, we can,



on this short notice, only briefly outline the situation.

We have investigated the Athabasca River Valley below Waterways and have found excellent stands of timber suitable for plywood peeler logs. Since our raw materials must be obtained within the province and because the major forest areas are to the north, access north of Waterways is of vital concern to us.

As time passes, plywood peeler logs will become more difficult to obtain and it may be imperative that we set up a major operation in a district where logs are more readily obtainable. The possibility of using water transport north of Waterways has been looked into but discarded as being not economically feasible.

We rely on rail freight to haul all our logs except for a negligible amount which comes in from sources close to Edmonton. With the construction of a railway, the timber stands north of Waterways offer a most convenient major source of supply to us. Rail haul is the best means of transportation for our raw material, and it is unlikely that truck haul would take its place.

The building of a railway through the area north of Waterways would tap vast stands of timber which would lie on both sides of the proposed location. This would allow an increase in the manufacturing capacity of our plant, which depends on



native poplar for the bulk of its raw material.

We have studied and are familiar with the density of the supply and the quality of the timber in the proposed area and are interested in a major operation along the Athabasca River.

Our finished products move to the East and thus a routing from Waterways through Edmonton is most logical. Demand for our plywood is steadily increasing and an additional source of satisfactory raw material would insure us of a future economic operation."

THE CHAIRMAN: It says: ".....timber which would lie on both sides of the proposed location". I suppose he means both sides of the railway location?

MR. GRIMBLE: On both sides of the river, parallel to the river:

THE CHAIRMAN: How about the east side of the river?

MR. GRIMBLE: It would be the winter operation. In the wintertime he would move it across river to the railroad and he would operate in the summertime on the west side of the river.

THE CHAIRMAN: Where is this poplar located?

MR. GRIMBLE: It is along the whole location for the first 100 miles from Waterways. This is the part that he is interested in.

THE CHAIRMAN: Where does it start?

MR. GRIMBLE: Not far from Waterways, just



north of McMurray and north to Fort McKay.

THE CHAIRMAN: Just north of McMurray?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: And it goes north 100 miles?

MR. GRIMBLE: Yes. He was talking about the area adjacent to Fort McKay which is, I guess, about 40 miles. From our forestry maps it extends for the first 100 miles.

THE CHAIRMAN: The area adjacent to Fort McKay?

MR. GRIMBLE: Yes, and north of Embarras.

THE CHAIRMAN: Where is Embarras?

MR. GRIMBLE: It is 120 miles north of McMurray, and the railroad parallels the river for the first 103 miles.

THE CHAIRMAN: Where is it thickest, or is it pretty uniform all through?

MR. GRIMBLE: I don't know, sir; I don't know the answer to that. He has investigated the source of supply, but even handling by water a short distance isn't economic. He could probably operate ten miles north of Waterways, but to get to the major points further north he couldn't do it.

THE CHAIRMAN: Are there roads there?

MR. GRIMBLE: There are a few winter roads, no summer roads. There is a winter road to Mildred Lake.

THE CHAIRMAN: Are there not several winter



winter roads on the east side of the Athabasca River?

MR. GRIMBLE: They use the lakes mainly.

He has an operation in the Great Slave area which he can see the end of, and he has been cruising up and down at McMurray, but within easy reach of McMurray the stands are not enough for a major operation, and to have a major operation he would probably want to operate within 150 miles of Waterways, and it is not economic. They had been cruising this area before the railway came into the picture. It is not economic to handle it twice in the winter roads, and I guess he wants a year-round operation, I imagine he is interested in a year-round operation, twelve months of the year.

THE CHAIRMAN: Of course, he has got to - of course, he can bring it in from one side of the river in the wintertime and the other side of the river in the summertime.

MR. GRIMBLE: Yes. That must be the way he plans to operate.

THE CHAIRMAN: You were saying he must get his supplies within - -

MR. GRIMBLE: He was investigating the possibility of getting some in British Columbia, but the British Columbia Government wouldn't make it available to be hauled into Alberta.

COMMISSIONER GAINER: That is poplar logs?

MR. GRIMBLE: Yes, sir. He stated even



though British Columbia couldn't haul it to the west and he could haul it to the east, they still wouldn't do it.

MR. FOUKS: In this respect, I think we should have Mr. Zeidler here. I would like to suggest he be called, because there are one or two other expressions Mr. Grimbale is interpreting. He says he has investigated and found excellent stands of timber, and I would like to know if he has and, if so, what is the Alberta position.

MR. GRIMBLE: I can answer that.

MR. FOUKS: I am suggesting that the person be called who wrote the letter to answer these points.

MR. GRIMBLE: The answer to why he isn't operating north of Waterways - -

MR. FOUKS: South of Waterways.

MR. GRIMBLE: It is downstream. The reason why he isn't keen on it at this time is because of the transportation problem. He is quite enthusiastic about the timber stands, but it is the transportation.

MR. FOUKS: Is he indicating any stands south of Waterways at all?

MR. GRIMBLE: He didn't discuss that.

MR. FOUKS: Perhaps he should be called in that respect.

THE CHAIRMAN: I think there is a lot in



what Mr. Fouks says. We have been listening to a lot of hearsay evidence.

MR. GRIMBLE: Can he clear this up in another letter?

THE CHAIRMAN: No, I think we would like to hear from him. You can discuss with your own Counsel the problem of hearsay evidence.

MR. GRIMBLE: I thought the letter, sir, wouldn't be hearsay.

THE CHAIRMAN: Oh, indeed it is; it is hearsay of the worst sort. You can't cross-examine a letter. You are giving us the evidence. It is your evidence saying that Mr. Zeidler says so, and in that sense it is hearsay. How do we know Mr. Zeidler wrote it? How do we know Mr. Rueger wrote it?

MR. BISHOP: I think, Mr. Chairman, the same criticism probably applies to a considerable amount of the exhibits, or a considerable number.

THE CHAIRMAN: Yes, there is no doubt about that; although when we got evidence in Peace River about lumber it was from the men who participated in the industry. I would say that the vast majority of them are those that have been submitted by you and Mr. Grimble. I think, when we run into the problem of Mr. Zeidler, you could have him here when he is in town.

MR. GRIMBLE: It might be easier to have



the superintendent in town.

THE CHAIRMAN: Yes, the man who wrote the letter. Perhaps Mr. Regan could phone and find out if he is in town.

MR. FOUKS: I am sorry you said that last sentence, with respect, because I was hoping you might have the gentlemen, Mr. Newman, of International Mines Service Limited at hand. Your last remark, because he was in town - it might be convenient to call him. This is in Toronto. I was hoping it might be convenient to have him here with his letter.



MR. GRIMBLE: Mr. Denney has firsthand information regarding these poplar stands.

THE CHAIRMAN: Oh, yes, we would like all the information we can get.

MR. DENNEY: I do not have an inventory on these stands, but over the last few years I have been flying my aeroplane over these stands and I will say they are very substantial.

THE CHAIRMAN: Substantial stands of balsam?

MR. DENNEY: Balsam, poplar and also spruce.

MR. GRIMBLE: I just dealt with the eastern route as far as plywood is concerned, both in the Wood Buffalo Park and south of the park.

The next subject we had in mind to deal with was the pulpwood inventories, and again I would like to refer you to the MacGregor Report and Tables 10 and 11 apply in the MacGregor Report. We have these tables on flimsy photostatic copies. This map is not marked as an exhibit.

THE CHAIRMAN: I think it is.

MR. GRIMBLE: This is the annual allowable cut of saw timber, which is Exhibit 52-AA. Now we are dealing with the one adjoining it, which is not marked. The annual cut of saw timber ---

THE CHAIRMAN: What are you showing us now?

MR. GRIMBLE: This is pulpwood, annual allowable cut of pulpwood, both coniferous and deciduous. On the same basis as before we left out



P-1 and P-2, and took out the burnt area of Area 1. . We made the same assumption regarding Area 5 and Area 4, that it would be split either way, and we took half for each side. With these assumptions we have come out with the figures which you see on the map for coniferous and deciduous pulpwood, annual allowable cuts, as presented in the MacGregor Report.

THE CHAIRMAN: The figures are on the map now?

MR. GRIMBLE: Yes, from the MacGregor Report. These are the figures right out of the MacGregor Report put on the map. Shall I read them out?

THE CHAIRMAN: Yes.

MR. GRIMBLE: Area 1 is 112,000 cords;
Area 8 is 484,000 cords; Area 9 is 55,000 cords;
Area 7 is 132,000 cords; Area 6, 186,000 cords; Area 5 -- we took half, and we put 78 on the western route, and Area 4 we took half and put 149 on the western route, making a total annual allowable cut of pulpwood, coniferous and deciduous, of 1,196,000 cords.

Now, dealing with the eastern route on the same basis, making the same assumptions and leaving out Area 1, which is adjacent to McMurray, and taking Area 2, 116,000 cords; Area 3, 243,000 cords; Area 4, 132,000 cords; Area 5, 97,000 cords, and the allowable cut for Wood Buffalo Park, 220,000 cords plus half of Area 5 at 77,000 cords, and Area 4 of 150,000 cords, making a total for the eastern route of 1,035,000 cords.



The figure for Wood Buffalo Park appears in several items, and the one most readily referred to is Exhibit 55-C. This is taken from the exhibits and it is a letter that the railroad introduced. The figure is on page 2.

THE CHAIRMAN: Provided the forest area could be made accessible, would it be made accessible by the railway?

MR. GRIMBLE: The only questionable part might be the little corner up in here. Mr. Denney could probably tell us more about this. I think their inventory does not include the portion north of -- the letter is to the effect that he has reduced it from 18 million to 11 million.

COMMISSIONER GAINER: Reduced it to 11 million?

MR. GRIMBLE: For the area north, so he is probably talking about the area north of Alberta, which might include the inaccessible portion of that corner here around Buffalo Lake in this area. We have been dealing now with the total annual allowable cut of pulpwood, considering both coniferous and deciduous, but since deciduous is not the most desirable pulpwood material, all the softwoods are coniferous and they only use a small percentage of deciduous, we have prepared one more map, just taken out the deciduous and put in the coniferous, and this could be marked as Exhibit 2.



MR. FOUKS: Could we get a copy of that map?

MR. GRIMBLE: We just prepared it yesterday.

THE CHAIRMAN: What does this map show?

MR. GRIMBLE: The annual allowable cut of pulpwood in thousands of cords for coniferous species only, the softwoods. This has been marked as Exhibit 52-HH.

---EXHIBIT NO. 52-HH: Annual allowable cut of pulpwood in thousands of cords - coniferous species only.

COMMISSIONER GAINER: This is based now on the figures that are on your over-mature here, with the adjustment which was made this way?

MR. GRIMBLE: Yes; these are also presented in the MacGregor Report, Table 11, in which under "Pulpwood" ~~they~~ list coniferous and the poplar in separate columns. Also in this case P-1 and P-2 have been taken out and Area 1 has been -- burns given in the previous exhibit have been subtracted off the coniferous, also Area 5 and Area 4 have been divided in two, and on the eastern route Area 1 has been left out. Therefore, the same assumptions have been made here as in the previous two maps of this type. In this case, in Area 1 is amended, due to the fact that all of the burn was taken out of the one area when a portion of it should have been in Area 8. The arithmetic showed a zero



allowable cut in Area 1, and this would actually not be the case. For these purposes, all of this burn was taken out of Area 1, and a portion should be taken out of Area 8. It does not change the totals at all, but it is a matter of convenience.

Area 8 is 138,000 cords of coniferous pulpwood.

COMMISSIONER GAINER: I am having a little trouble.

MR. GRIMBLE: Area 1 is zero.

COMMISSIONER GAINER: Are you doing poplar now?

MR. GRIMBLE: No, this is coniferous pulpwood, softwoods only. These are taken directly from the MacGregor Report.

COMMISSIONER GAINER: Yes, I had the wrong column.

MR. GRIMBLE: In Table 11 we have to add the white spruce column, the pine column and the other coniferous columns to get the figures. We have Area 1, zero; Area 8, 138; Area 9, 12; Area 7, 38; Area 6, 51; Area 5, 28; Area 4, 42, making a total for the western route of 309,000 cords of coniferous pulpwood. That is the allowable annual cut.

Now, for the eastern route Area 2 is 47,000 cords; Area 3, 120,000 cords; Area 4, 116,000 cords and Area 5, 67,000 cords. Wood Buffalo Park, 174,000 cords, and Area 5, 28,000 cords, Area 4,



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42,000 cords, making a total for the eastern route of
594,000 cords allowable annual cut of coniferous
pulpwood.

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I might refer again to this Alberta Resources Conference of January and a paper by Mr. Fytche, Forester in charge of Planning Department of Lands and Forests. In this regard we might also refer to the MacGregor Report with his comments regarding future pulpwood sites.

THE CHAIRMAN: Where does that appear in the MacGregor Report?

MR. GRIMBLE: Under Forestry, fairly close to the pages referring to - page 87.

THE CHAIRMAN: What did he say about it?

MR. GRIMBLE: At page 87 he speaks about the amount of material available, and he states:

"The most obvious solution is a greater expansion of pulpwood production, because pulp mills can utilize the predominant small trees and species of timber not suited for lumber. This material will be a drug on the market until such time as there is use of it for fibre. The tables in Section No. 3 and the above brief comments show that there is an abundance of poplar and pine in particular of a size suitable for fibre production.

Opposing these favourable resource figures are the economic realities which have so far prevented any pulp mill from being established in these northern areas; although there are possibilities of one being established to utilize some of the material in the vicinity of Lesser Slave Lake in the very near future. The most unfavourable economic reality



is the distance from large consuming centres.

The Commission expects that a pulpmill will be built in Region 3 (Slave Lake) by 1965; in Region 1, in the Grande Prairie area, by 1970, and in the Manning area by 1975; while the last pulpmill will be built in the vicinity of McMurray by 1980."

The MacGregor Report is dealing with only Northern Alberta, north of 57, and the consensus of opinion is that there are several pulpwood sites in Alberta. There is now, of course, one operating at Hinton; another site is in the Rocky Mountain House area, which would take in this resource area here; another site is in the Swan Hills.

THE CHAIRMAN: That is what MacGregor refers to.

MR. GRIMBLE: Yes, he refers to the Lesser Great Slave region.

THE CHAIRMAN: And he contemplates that ahead of Grande Prairie?

MR. GRIMBLE: Yes, by 1965, and the Grande Prairie one for 1970.

COMMISSIONER GAINER: I am missing one figure on your - pardon the expression - on your flimsy evidence. The figure on coniferous pulpwood for the park is what?

MR. GRIMBLE: 174. It isn't on that letter.

COMMISSIONER GAINER: Subtracting your



coniferous figure to get the poplar pulpwood.

MR. GRIMBLE: The poplar pulpwood is not considered too desirable.

COMMISSIONER GAINER: What would you consider the prospects from a lumber point of view in the two situations from mature and over-mature stands or berths?

MR. GRIMBLE: I think these growths we are speaking of are not of the same berths and same location as the mature and over-mature stands. These are back from the river.

COMMISSIONER GAINER: In order to go into a pulpwood operation, the justification for it, that would have nothing to do with over-mature stands of timber.

MR. GRIMBLE: No.

COMMISSIONER GAINER: It would have to be a separate concession within the Park.

MR. GRIMBLE: It would be a separate area. The areas wouldn't coincide.

COMMISSIONER GAINER: So this would depend on the policy of the Department; it has nothing to do with over-mature stands of timber.

MR. GRIMBLE: Yes, this would be quite different from the pulpwood operation. Any of these areas hasn't any guarantee that this would become a working pulp mill.

THE CHAIRMAN: In this letter which you



have referred to it puts the estimated potential productivity at 57 cubic feet and 220,000 cords of smaller material annually. Do you change that figure from 220,000 to 204,000?

MR. GRIMBLE: It is the combination of the deciduous and coniferous. Actually he gives the proportions in the same letter between deciduous and coniferous.

Mr. Fytche in his talk to the Alberta Resource Conference in January pretty well confirms what the MacGregor Report said, in that he said:

"Another commercial firm has been exploring the possibility of establishing a pulp mill that will draw its supplies of wood from forested areas in the vicinity of Rocky Mountain House.

There are areas within the province that should be mentioned as possible locations for future wood using industries, particularly for the production of pulp wood. The location of these areas are based on the information supplied by the inventory".

And he agrees with the MacGregor Report -

"One such region lies in the Lesser Slave Lake Watershed. This area extends south from Lesser Slave Lake to the height of land in the Swan Hills and northeast from the lake to include the Marten Mountains. Large stands of pine and black and white spruce, capable of producing excellent pulpwood, occur in the region. This district is served by the



Northern Alberta Railway from Edmonton to Slave Lake and High Prairie. The provincial highway passes through the same territory. Industrial water supplies could be provided by Lesser Slave Lake and the Athabasca and Lesser Slave Rivers".

In the next paragraph he goes on to deal with the territory south of Grande Prairie which "could support, in perpetuity, an industry of a size similar to the present pulp mill at Hinton. The Smoky and Wapiti Rivers could provide an abundance of water. The potential lease area supports a forest growth similar to that on the holdings of the Hinton Mill. Large volumes of lodgepole pine are present with lesser amounts of white and black spruce, most wood being of pulpwood size. There are rail links from the area to the West Coast, to Edmonton and to the southeast. Possibly routes for the construction of a road through this region are being considered". Then he says:

"There is a concentration of pine and black and white spruce of pulpwood size in the Clear Hills area" - the Clear Hills are here in P-1, and it is also shown on map 6 - "to the northwest of the Peace River Town. The Northern Alberta Railways from Edmonton to Hines Creek, offers transportation for forest products from this district. Roads also link Hines Creek with British Columbia and Southern Alberta while the Peace River provides a water supply.

The above are a few illustrations of regions



that can be developed in the future. Whether they will be utilized or not will depend on whether markets can be found for their goods and whether it will be economically profitable to manufacture such products".

I would like - actually we deducted P-1 and P-2, but we found that the annual allowable cut for coniferous in P-1 and P-2 - mainly in P-1 - is 175,000 cords per year. The forest fire badly depleted the area that had been laid out as a pulpwood stand, but it still leaves an annual allowable cut to support a 300 ton a day pulp mill.

THE CHAIRMAN: Are you saying, Mr. Grimble, that there are several places now where a pulpwood mill would be built, where there is plenty of material for a pulp mill, before you get away from railroad service.

MR. GRIMBLE: Yes.

THE CHAIRMAN: Is that Rocky Mountain House?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And the Swan Hills area goes north and south of the river.

MR. GRIMBLE: Of the Lesser Slave Lake, and Grande Prairie. There are the two rivers, Wapiti and Smoky, and the Clear Hills - -

THE CHAIRMAN: That is in the P-1 area.

MR. GRIMBLE: Yes, P-1, in that end.

THE CHAIRMAN: That is all, isn't it?

MR. GRIMBLE: That is all that he mentions.



THE CHAIRMAN: And the next one would probably be north of Grimshaw, and the next one north of Waterways.

MR. GRIMBLE: No, the one that MacGregor refers to is the same one that is referred to here.

THE CHAIRMAN: As Manning?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Fytche thinks that it could be located near Hines Creek and served by the Hines Creek Railway.

MR. GRIMBLE: The timber stands extends west of Manning to the British Columbia border, and before the fire it extended up in this area here as an ideal block. The highway forms the east boundary of the area marked out by Fytche, but the forest fire knocked out this block.

THE CHAIRMAN: That would reduce it from 450 tons a day to 300 tons a day.

MR. GRIMBLE: I think 200,000 cords a year is adequate to support a 300 ton a day pulp mill. Apart from that, there are 175,000 cords a year annual allowable cut, and I imagine a pulpwood plant set up in the Peace River Town would be able to draw wood and in this area here adequate to give a 300 ton a day operation.

COMMISSIONER GAINER: They have 15 per cent of their deciduous.

MR. GRIMBLE: I don't know what the percentage is, but the logs are all in here. The



Government likes them to use the timber in the proportion it is in the stands. I don't think they go out of their way to use deciduous.

COMMISSIONER GAINER: If this was the case, there would be some reserves over the deciduous in this Manning west area.

MR. GRIMBLE: I think in this area coniferous predominates and that they are favourably set up as far as coniferous stands are concerned. It could be noted on this map, exhibit 52 (x), where Hines Creek is - it is on that line, eastwest line, and where the iron ore deposits are in relation to Hines Creek - there is a possibility of a rail extension from Hines Creek to where the iron ore deposits are quite good.

THE CHAIRMAN: An extension from Hines Creek like that would help the iron ore and help develop the pulp that is there and also sawlogs?

MR. GRIMBLE: Yes, also sawlogs. I read from Mr. Fytche's article in which he said that these are dependent on the market, and in this regard I have a newspaper clipping - we have copies available - which point this out. There is a recent clipping from the Prince Albert Daily Herald, Premier T. C. Douglas, who points out that even though they have large stands of pulpwood in accessible areas adjacent to Prince Albert, the facts are these:

"The capacity for producing pulpwood in Canada exceeds the demand by approximately 15 per



cent. While such demand is going to be at the rate of 5 per cent per year, it will be sometime before the demand forces the establishment of new pulpwood facilities".

He points out the amount of pulpwood available in accessible areas north of Prince Albert, and in the last paragraph states:

"The pulpwood in this area is not an impossibility, but it is highly improbable there will be such an undertaking until freight rates improve and demand for pulp becomes greater than it is today".

We have information of resources in Alaska accessible to the tide water, and the following statement is from the Pacific Northwestern meeting last month in which they say:

"The coastal forest of between 4,000,000 and 5,000,000 acres and carrying one hundred billion per feet of timber classed as presently accessible".

We also have here excerpts from the Gordon Commission regarding pulpwood demand. I appear to have mislaid those. They may be in the reproduction office.

THE CHAIRMAN: Can you tell us what it was, the substance?

MR. GRIMBLE: Yes. It just reiterates what I have said here, that even though there is a source of material, there is no guarantee that a



pulp mill will develop based on the projected demands. What it amounts to is that the American market is not an open market and they are taking all the steps they can to supply all the demands locally, even to the extent of reforestation of southern pine, which grows very quickly and becomes a harvest, and the American market isn't an open market to Canadian pulpwood and we are not in too good a position in this regard even though we have the pulp available. It is not like the mineral industry where, when the Americans do run out, there will be a demand for our minerals. They are now treating pulpwood in the United States as a re-generative yield and they are producing pulpwood in land taken out of wheat, so they are building up a potential of their own to replace Canadian imports.

THE CHAIRMAN: Is that said in the Gordon Report?

MR. GRIMBLE: This is just the gist of it.

The soil bank program - this isn't in the Gordon Report; I don't think it is - the soil bank program in the United States which encourages farmers to take wheat out of production - they get paid both ways, so they are bonused to grow pulpwood, so they are in a much better position than we are.



MR. GRIMBLE: The Americans are making great efforts to use waste from the sawmills. They are also trying to recover the pulpwood industry in the eastern states and using hardwoods. They are going to great extremes to use hardwoods, which we find are not economical here, in order to get production in the United States. I still cannot find the Gordon Report extracts, but I will have it available later.

The last remark regarding pulpwood: Mr. Fytche's thinking was that the pulpwood plant would be at the Peace River Town. There are a number of reasons for that -- labour, water supply, on-rail access, and there is a source of settlers logs from a fairly large area that they would make use of.

THE CHAIRMAN: That concludes what you have to say about timber?

MR. GRIMBLE: Unless there are any questions. We have further information here to answer questions with.

COMMISSIONER THOMSON: Just one question. This is probably in the figures here, but just what would be the total tonnage estimate for the eastern route now for all available timber produced to the railway? How many tons could go out? Is that figure here where I can find it, or have you got it? I mean a total tonnage figure that would be available to a railway.



MR. GRIMBLE: I think the figure we have been using in the past is based properly on the production of sawlogs without taking into consideration any of the plywood production, without taking into consideration any of the sawlogs in Alberta or without taking into consideration any future potential production. We put a figure on it of 20,000 tons of sawlog timber as traffic for the railway, based on present production, without any projections.

COMMISSIONER THOMSON: I do not think that is the figure I want. Suppose you went into production and had a railway in there and cut every available log you could sell and all the pulp you could use, how many tons do you figure roughly, just an approximate figure?

MR. GRIMBLE: I am sorry. I could not answer that.

COMMISSIONER THOMSON: But the other figure you say is about 20,000 tons?

MR. GRIMBLE: Yes, based on presentday production.

COMMISSIONER THOMSON: What do you figure on the same basis approximately you would get from the western route? A rough figure?

MR. GRIMBLE: There is 12,000 board feet now shipped out, which is approximately 12,000 tons yearly shipped out of Grimshaw. In our projections we used the actual productions which would be in the



order of 12,000 tons -- 12 million feet, which is approximately 12,000 tons.

COMMISSIONER THOMSON: So you say there are 12,000 tons of timber produced coming out from the west now?

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: As opposed to 20,000 tons at present coming from the east?

MR. GRIMBLE: Potential production from the east based on presentday operations. This is all based on six years' operations.

COMMISSIONER THOMSON: But that is what you would expect, handling 20,000 tons from the east as opposed to 12,000 tons from the west?

MR. GRIMBLE: Yes, based on present production, based on what has been taken out the last few years.

COMMISSIONER THOMSON: Now, there is one other question: did I misunderstand you or did you say that a highway was good for fire protection, or was it bad?

MR. GRIMBLE: It is good, much better than a railway or water routes.

COMMISSIONER THOMSON: And much better than no route at all?

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: Does that statement stand up? I see all the fire that has been there has been right alongside of a highway. I



understood that roads were bad for forest fires. . Am I wrong in that? Is this an accident that it has happened where the highway was?

MR. GRIMBLE: I might illustrate this. To give access for forest fire fighting they have built a road from Colman to Seebe and from Seebe to Nordick, and are now projecting it to Edson with the idea of giving access for forest fires.

COMMISSIONER THOMSON: I was under the impression that a road or anything like that, people came along the roads and started fires. You say the roads are good, and you still have the fire where you have the road. Is that just an accident?

MR. GRIMBLE: I might illustrate from the map. This is an inaccessible area in the middle of the block here, not pertinent to either the eastern or western routes, but it is inaccessible. You can see from the colour, the colour red is burnt or a recent burn, and you can see this block of red almost totally covers this area. Even at the present day there are quite a few roads in there.

COMMISSIONER THOMSON: That black spot does not indicate burn?

MR. GRIMBLE: This black spot is recent burn, the 1958 fire -- indicates just that one particular fire. These red spots indicate fires of recent or old burns from this inventory map, and there are no roads or highways through these pink



sections.

COMMISSIONER THOMSON: Down around there?

MR. GRIMBLE: There is a road into Rivers now in the last two or three years, but most of this fire was prior to that time. This map was prepared prior to that time. This is a heavy burnt-out area that was inaccessible to fight fires, and they just let the fires go and did not try to fight them.

COMMISSIONER THOMSON: The roads are a help rather than a menace?

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: There is one question that comes to mind here. We were talking earlier about the commitments in terms of production under the contract with the Park, and I think in your case and the case of the railroads, the 20,000-ton freight figure was used, which we would say would be 20 million board feet roughly. The commitment, if you were to meet it, would be a great deal more than that, would it not -- the Swanson interests and your own?

MR. DENNEY: I think that is not right. The contracts require that there be one million feet cut on each berth every other year, at least a million feet every other year. In other words, under the present conditions with different berths and very poor markets, it is going to be impossible to operate there, so we would be permitted to



operate through these berths when the market will take the lumber at a different price, and of course then we will cut more timber per year.

COMMISSIONER GAINER: So you are only committed to cut one million feet every other year?

MR. DENNEY: Yes, on each berth.

MR. FEEHAN: That is, of course, just in February of this year?

MR. DENNEY: That is right. I imagine under the present transportation conditions our annual cuts of both sawmill timber and plywood from the anticipated plywood plant will depend entirely upon the markets. For instance, in the plywood field, up until we had this strike out on the coast, the plywood market was very badly depressed from what it was when we first went into the Wood Buffalo Park area. During such times, and under present transportation costs, it would be just absolutely necessary to shut down and cut during periods of good market.

THE CHAIRMAN: I think we will have a short adjournment.

MR. BISHOP: We have Mr. Rueger here, but we prefer to bring him forward after the recess.

MR. FOUKS: Do you mean bring him after Mr. Roethel? I cannot risk Mr. Roethel staying over.

THE CHAIRMAN: Very well. We will adjourn for five minutes.



---Short recess.

THE CHAIRMAN: Mr. Feehan, have you any questions?

MR. FEEHAN: I have one question.

MR. BISHOP: My lord, could I speak before we go ahead with Mr. Feehan. Mr. Roethel has to get away and Mr. Rueger also is in a hurry, and if Mr. Roethel is going to be too long could we have Mr. Rueger come back tomorrow morning?

THE CHAIRMAN: Would that be all right, Mr. Fouks?

MR. FOUKS: It is all right with me as long as Mr. Roethel is finished tonight. I do not care which procedure you use.

THE CHAIRMAN: Mr. Rueger, I am sorry we brought you here today, but would it be convenient for you to be here tomorrow morning?

MR. RUEGER: Yes. How long would I be?

THE CHAIRMAN: I do not think you will be very long. Mr. Fouks, you want to ask some questions of Mr. Rueger?

MR. FOUKS: Yes.

THE CHAIRMAN: Suppose we take five or ten minutes with Mr. Rueger now; if it is going to stretch into any more time he can come back tomorrow morning.

MR. FOUKS: Very well, as long as Mr. Roethel gets away tonight.



THE CHAIRMAN: Let us have you conduct your examination of Mr. Rueger, and before that Mr. Feehan has one question.

MR. FEEHAN: I would like to direct a question to Mr. Grimble. In the telephone conversation this morning Mr. Fouks received information from Mr. Baldwin to the effect that for the past three years this area in here had, according to the Alberta Forestry authorities, produced 62,678,000 board feet of lumber, or an average of 21 million per year; that is excluding all shipments made out of Hines Creek, which would, I suppose, be P-1 and P-2. Now, if this area excluding Hines Creek was producing 21 million board feet per year, how can you justify that or reconcile that with the 12 million that you have given us?

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MR. GRIMBLE: The last three years, did you say?

MR. FEEHAN: Yes. The exact figure for the three years is 62,678,000, or close to 63,000,000 or 21,000,000 per year.

MR. GRIMBLE: We have the Alberta Government management units for every year for the last five years. However, we don't need these, because they are on exhibit number - -

MR. FEEHAN: 52 (z).

MR. GRIMBLE: These are summarized on 52 (z) for the last four years. All the cuts in P-0, P-2, P-5, P-7 and P-9, which are the ones, are available back to 1954 by management units in these summaries. However, we will take them off. Does that answer your question?

THE CHAIRMAN: I think it is going to take some little time in an argument over these figures. I think it is a question you want to ask, Mr. Fouks.

MR. FOUKS: Yes, absolutely.

THE CHAIRMAN: We will leave that until tomorrow morning, and perhaps you two gentlemen can have a short discussion after we adjourn this afternoon and see if you can reconcile these things.

COMMISSIONER GAINER: Before we do that, are these the figures from the Peace River station?

MR. FOUKS: Mr. Baldwin said he spoke to the forestry people in Peace River.



COMMISSIONER GAINER: Mr. Grimble's were Edmonton figures; I think we established that.

MR. FOUKS: Yes.

MR. GRIMBLE: These are the figures on which stumpage is paid on the Peace River Division.

THE CHAIRMAN: Perhaps you two gentlemen can spend a few minutes together and reach agreement.

Mr. Rueger; would you like to answer a few questions Mr. Fouks would like to ask you?

MR. RUEGER: Yes, sir.

MR. FOUKS: I wonder, Mr. Rueger, if you would be so kind as to indicate to the Commission what area you have actually examined for peeler logs.

MR. RUEGER: That is the area north of Waterways down to McKay. That is as far as I have myself, and our men, our cruiser was right down to the lakehead area.

MR. FOUKS: Did you cruise south of Waterways?

MR. RUEGER: Yes, we spent some time south of Waterways, but there are not very big stands of timber available right now.

MR. FOUKS: Did you cruise east?

MR. RUEGER: Very little.

MR. FOUKS: You mean you cruised very little or there is very little?

MR. RUEGER: We cruised very little and we found there was very little there also.



MR. FOUKS: How far west did you go?

MR. RUEGER: We went west approximately 5 to 6 miles off the river and we found good stands of timber there.

MR. FOUKS: West?

MR. RUEGER: Yes.

MR. FOUKS: Would that be - -

MR. RUEGER: North and west of Waterways.

MR. FOUKS: Southwest or northwest?

MR. RUEGER: Northwest.

COMMISSIONER GAINER: When you speak of timber, Mr. Rueger, are you considering both peeler logs and spruce or mainly poplar?

MR. RUEGER: Mainly poplar.

COMMISSIONER GAINER: This was the only thing you were interested in?

MR. RUEGER: Yes, right now.

MR. FOUKS: Where are you getting your poplar from now?

MR. RUEGER: From the Slave Lake area.

MR. FOUKS: Would that be south?

MR. RUEGER: South of the lake.

MR. FOUKS: How far south?

MR. RUEGER: Within 20 miles.

MR. FOUKS: How do you take your logs out?

MR. RUEGER: By truck, and then we load them on the railroad.



MR. FOUKS: At what point?

MR. RUEGER: Right along the lake to Canyon Creek and Slave Lake itself.

MR. FOUKS: Could you do the same west of Waterways?

MR. RUEGER: Yes, we could.

MR. FOUKS: And you have indicated that there are poplar there or plywood peeler logs, a good supply.

MR. RUEGER: Yes.

MR. FOUKS: Have you made an application to the Alberta Government?

MR. RUEGER: Yes, we were in contact with the Forestry Department.

MR. FOUKS: Did you make an application to the Forestry Department for southwest of Waterways?

MR. RUEGER: Southwest?

MR. FOUKS: Yes, the area I have just been discussing, west of Waterways?

THE CHAIRMAN: He discussed the area west and north.

MR. FOUKS: In that area at all?

MR. RUEGER: There is no application made yet, and we want to spend more time in cruising that area; but I am quite sure we will go on and set up logging operations in that area.

MR. FOUKS: When did you cruise it last?



MR. RUEGER: Four months ago.

MR. FOUKS: When did you cruise the area below Waterways?

MR. RUEGER: The same time.

MR. FOUKS: At the same time?

MR. RUEGER: Yes.

MR. FOUKS: You indicated in your letter that plywood peeler logs will become more difficult to obtain.

MR. RUEGER: Yes, that is correct.

MR. FOUKS: Why did you not make application in the interim period?

MR. RUEGER: Before we make application we have to make sure we have definite locations for the timber.

MR. FOUKS: I understand that you applied to the British Columbia Government.

MR. RUEGER: We tried to.

MR. FOUKS: You did apply?

MR. RUEGER: Yes.

COMMISSIONER GAINER: Mr. Rueger, you are hauling now a maximum of about 20 million by rail in your Great Slave Lake operation?

MR. RUEGER: Yes.

COMMISSIONER GAINER: If there was a move into a new area, say, in the vicinity of Waterways or down river or in your existing operations, do you log only timber for peeler logs or do you have a



more general operation?

MR. RUEGER: No, we only log for peeler logs.

COMMISSIONER GAINER: If there was a move to a new location, what limit do you feel you would have to have tied up to provide you with the kind of logs you want?

MR. RUEGER: Well, in our production at present it is between five million and six million feet per year.

COMMISSIONER GAINER: It wouldn't take a very large limit, really; you wouldn't feel you would have to have a very extensive limit lined up in advance.

MR. RUEGER: I think we have to. It doesn't take very long, five million or six million a year, to exhaust an area which is more or less growing along the river flats, mostly.

COMMISSIONER GAINER: If you were moved along into this area, which you might well do if you can see a good supply of suitable timber, what would you be likely to do? - Apply for a long narrow limit down the river, or could you do it at Waterways? What do you have in mind?

MR. RUEGER: If we were to move to the Waterways area?

COMMISSIONER GAINER: Yes.

MR. RUEGER: Yes, we have to apply for



timber limits.

COMMISSIONER GAINER: What form would it take? Would you design the boundaries of your limit to extend down the valley, or what is likely to be the situation?

MR. RUEGER: We have to cruise that area more closely and then make our applications, and that could be within limits from one million up to ten, twenty million board feet.

COMMISSIONER GAINER: From one million to - you say it would have an inventory of how much?

MR. RUEGER: The timber limit itself could extend from one million up to ten, fifteen and twenty million.

COMMISSIONER GAINER: And you are presently taking out about five million.

MR. RUEGER: That is correct.

COMMISSIONER GAINER: I suppose one thing we are interested in - if you move into that area are you likely to do this in the absence of a railroad beyond Waterways, or is there little hope you would find the amount of timber of the type you want around the existing railhead or within a reasonable trucking distance?

MR. RUEGER: I don't believe so. The amounts we found close to Waterways would be maybe not more than 5 million or 6 million feet.

COMMISSIONER GAINER: You would feel your



cruising has been fairly exhaustive as far as the distance you have gone from Waterways, or have you confined yourself to a certain radius?

MR. RUEGER: I assume we have to go further north than Waterways itself to get a certain amount of poplar.

COMMISSIONER GAINER: In the process of cruising what do you consider to be your radius of operation from rail?

MR. RUEGER: Up to 20 miles from the rail-head.

COMMISSIONER GAINER: In other words, you are not going to be very interested in even cruising 20 miles from rail because you feel this is beyond the distance you could haul even if there is good timber there.

MR. RUEGER: Not at the present time.

COMMISSIONER GAINER: If this is the case, then, you would want, with the presence of a railroad - you would be inclined to establish yourself within 20 miles of a railroad or high-grade transport.

MR. RUEGER: That is correct.

THE CHAIRMAN: Mr. Rueger, I would like to ask a few questions, but it is ten to four and there is a gentleman here from Vancouver who is anxious to get away. Could you come back tomorrow?

MR. RUEGER: Yes, sir.



THE CHAIRMAN: Could you come back at ten o'clock?

MR. RUEGER: That is fine, sir.

THE CHAIRMAN: Mr. Fouks, we will get on with Mr. Roethel.

MR. ROETHEL: Mr. Chairman, gentlemen, I would like to thank you for your special consideration, but while I am here I would like to point out a few observations and disagreements I noticed while I listened to Mr. Grimble.

As you will remember, last time when I left the hearings I pointed out to you how important it was to realize the big picture and to see that the west route had more timber and more possibilities than the east, and I tried to show that. That time it was fairly easy to clarify because it was an error in figures. This time it is a little harder to prove against this brief. Despite what has been done on chopping and not using all the areas we used, despite this action from the Edmonton Chamber of Commerce brief, the west still has more timber and more opportunities.

When we approached this forest appraisal we went, naturally, first to the Alberta Forestry Service and asked them for the area in question, and I think - -

THE CHAIRMAN: You say you asked them for the area in question.



MR. ROETHEL: Yes.

THE CHAIRMAN: What do you mean by that?

MR. ROETHEL: We asked them what is tributary to the east route and what is tributary to the west route, and they gave us a map and I checked this morning and they told me - they gave us this one several months ago - and they gave us the same area, the same areas on this little exhibit, on an exhibit two weeks ago. So actually we thought - all the briefs which have been turned in handled about the same area, everybody talking about the west route, north of Grimshaw, and the east route, north of McMurray, and the map is pointing this out. I also brought an exhibit with me showing that the areas are the same as the areas put out by the Alberta Forest Service.

THE CHAIRMAN: What is the exhibit number?

THE SECRETARY: 55 (a).

MR. ROETHEL: So I don't think it is necessary to check this area now and our area, but I cannot compare our own calculations with these ones of Mr. Grimble. If they had used the common area as the Alberta Government, then we could come to a conclusion or a comparison, but this brief handles the entire ~~area~~ and we have to go into details we don't have. We have not the management blocks as the MacGregor Report brings out, and in this case I have to use the MacGregor Report as a



comparison. But we always still stay with our figures of the forest appraisal.

COMMISSIONER GAINER: To what extent, Mr. Roethel, do you disagree with the areas used as being tributary to and, secondly, why would you necessarily accept the Forestry Department statement of areas tributary?

MR. ROETHEL: There was very little time since we got this map, before we left on the plane, to prepare such a thing. But we believed the Alberta Forest Service, so we expected this would be the area which would be right, and I leave it up to the Commission to decide whether or not.

COMMISSIONER GAINER: That is exactly the point; it will be our problem to decide.

MR. ROETHEL: To go into the detailed areas - -

THE CHAIRMAN: Would you mind telling me who it was in the Alberta office you saw?

MR. ROETHEL: Mr. Steele and Mr. Loomis, the Chief Forester. Mr. Loomis, the Chief Forester, said this morning that he thinks that the area is right and any other area is not right; and I think he said also, if needed, he would come up and explain it himself.

The way the Edmonton brief handles the area was quite, I will say, surprising for me, because on one side they add everything they can, which



is the east, and take it away from the west, and if the balance - if it doesn't work out in favour of the east - just as Mr. Grimble mentioned a few minutes ago that the total pulpwood area is a little higher, then there is no chance for pulpwood at all.

But forest appraisal shouldn't go into the area and say there is a market, there is a river; this doesn't fit in our plan. I think a forest appraisal should be fair in both areas. When we started we were quite happy that both areas had about the same, close to 25 million acres, both areas, and we handled those areas really fairly, the same method used all the way through.

THE CHAIRMAN: You said when you calculated it, you calculated 25 million acres.

MR. ROETHEL: We used the Alberta Forest Service inventory. I just want to mention that we were quite happy that the areas were quite equal. It is easier to compare an area if it is equal.

THE CHAIRMAN: Has Mr. Grimble been using a larger area for the west than for the east?

MR. ROETHEL: The Edmonton brief, which didn't mention forestry too much at the beginning but comes up with new ideas how to handle the area, chops the area in pieces.



Probably I should go to the map. I will just outline roughly the way the Alberta Forest Service handles the area. Talking about Area P-1 and Area P-2, which are these two, I believe -- right, Mr. Grimble?

MR. GRIMBLE: Yes, you are pointing to P-1 and P-2 there now.

MR. ROETHEL: The Alberta Forest Service draw a line through both these areas. The reason for it, if I recall, I think the Forest Service did not agree with the MacGregor Report areas, and that is the reason why they made new ones for this purpose, for tributary judgment on three years. They chopped P-1 and P-2 in pieces and drew a line over here which just ends up north of McMurray and goes down this way to the river, and it ends up here north of Grimshaw.

COMMISSIONER GAINER: How far north and how far north of Hines Creek?

MR. ROETHEL: I would not know how far north.

COMMISSIONER GAINER: What I mean really is, would it be the same distance from all three railheads?

MR. ROETHEL: I draw a line through here. You see, it is approximately the Forest Service and this line, these numbers, indicate the areas and it goes down here. In both cases we went down to the point of terminal. Taking the east route first,



the Edmonton Chamber of Commerce does the same as we do, add up these figures here, 50 million, and come to 104 million board feet. But, as Mr. Grimble said, it is this area which has been decided as tributary to the west. The Alberta government splits this in half and takes this area and takes this area, which has not been taken into consideration by the Alberta Forest Service. They split this in half and take from the western route all the Peace River block.

COMMISSIONER GAINER: This is something we will have to secure ourselves with the Forest Division, but I would like to have your opinion on just exactly why you describe that in one particular arbitrary division, the one we have just done, or another one. In other words, what reason would you give to suggest the boundary should be bound in terms of which direction the timber will move?

MR. ROETHEL: If you asked me, I think it would need very great study of the area. If you calculate the annual allowable cut then you either exclude all this and say do not talk about accessibility and existing lines and so on or you take all into consideration, but this is not known here. I think it would take quite a time to do so, to find out what the area will be tributary to this road, and what can be passed as muskeg, or, as Mr. Grimble mentioned, a deep valley of 1,000 feet deep. I think it would be going too far for this Commission



to decide accessibility and this kind of thing, so actually my approach was on the proposal from the Alberta Forest Service.

COMMISSIONER GAINER: We will be interested in knowing ---

MR. ROETHEL: I would like to ask these people who know so well, the various fellows, and I am sure I will agree with the Forestry Service, that they would know much more about it than I would know.

COMMISSIONER GAINER: You cannot assume that any lumbering operation east of Peace River and north of the town would actually go into the new section of the railway line. This would cross the river?

MR. ROETHEL: Yes.

COMMISSIONER GAINER: Or is there a definition that tributary meant it would simply go into the Peace River line, not necessarily the new portion built, but into the Peace River Town or Grimshaw?

MR. ROETHEL: I do not know. I have not checked this question, and I do not know the answer on this. May I carry on now?

If the Edmonton brief gives you here 104 million board feet I would like to state against it 89 million, if you want to use these figures.

THE CHAIRMAN: You say 89 instead of 104?

MR. ROETHEL: Yes, and I would like to prove this.

THE CHAIRMAN: You say the annual allowable



cut should be 89 million?

MR. ROETHEL: Yes, using the MacGregor figures and the areas as outlined here.

THE CHAIRMAN: As against the 104 that Mr. Grimble got by using the MacGregor figures; is that right?

MR. ROETHEL: He used the MacGregor figures as well, but he splits them up.

COMMISSIONER GAINER: Are you going to tell us how you got the 89?

MR. ROETHEL: Yes. The difference is in these two blocks. Our opinion, and the opinion of the Alberta Government also, in these two blocks -- this one south of the river would be difficult and this one is north of the river, so we added this to the west route, and Mr. Grimble added it to the east route and 10 in this block of the east route as well.

COMMISSIONER GAINER: You are adding 15?

MR. ROETHEL: We disagree with the 15 on this side.

THE CHAIRMAN: You would not take 15 on the east side?

MR. ROETHEL: No, we would not; we do not like it.

THE CHAIRMAN: That is half of Area 5 and half of Area 4?

MR. ROETHEL: Yes, and coming to the west route I would say the outcome by using the MacGregor



figures would be in our calculations 107 plus, and I am going to explain what I mean by this plus.

THE CHAIRMAN: When you take 15 from the 104 you get the 89; that is how you arrive at it?

MR. ROETHEL: Yes. May I go to the west now?

THE CHAIRMAN: Yes.

MR. ROETHEL: There is no discrepancy on these blocks used by Mr. Grimble, excepting the two mentioned here, but we certainly disagree with how he handles Area 3 and how Area 1 is handled. Now it may be a matter of opinion and our one is probably as a result of newer figures I received this morning from the Alberta Forest Service. I would like to mention here, as stated this morning, the figure of 8 on our map sounded wrong to me, so I went to this gentleman and asked him how I could find out whether it was right. He told me about some figures given to Mr. Grimble and he also explained to me that they are in the process of revising their figures. This burned area, according to their records, would be 29.

THE CHAIRMAN: The burned area would be 29?

MR. ROETHEL: What is left.

MR. FOUKS: What is left would be 29?

MR. ROETHEL: What is left.

THE CHAIRMAN: Instead of 13?

MR. ROETHEL: Yes.

THE CHAIRMAN: Or 14.7?

MR. ROETHEL: Yes, whatever it is. In



addition he told me that P-1 has an annual cut of 16 million, and it will be a matter for the Commission to find out if it really goes entirely to Hines Creek, if anything goes. I notice on the other map that the line drawn originally through P-1 by the Alberta Forest Service should stand because there is a border. This morning they told me that the northern half of P-1 would not go this way, it would go this way.

If you ~~want~~ to be fair and say half of 16 to P-1, this would add up to the total area, to 107 instead of 89 -- 73 and 75 here.

THE CHAIRMAN: You have calculated half of P-1 would go east?

MR. ROETHEL: Yes, to be fair, because we can insist on this 16 and so P-1 has no proof that the entire timber goes out. We come to the conclusion to take half of it.

THE CHAIRMAN: How much is P-1?

MR. ROETHEL: Sixteen million, according to their figure.

COMMISSIONER GAINER: Is that half of the whole P-1 or half of the half that they took off?

MR. ROETHEL: No, ~~that~~ is half of the whole P-1. When I said 107 plus, I would like to mention that we have not any exact figures on the northern area, but since the fight for figures broke out I would like to add something to the west route as well on the Wood Buffalo Park ---



THE CHAIRMAN: I apologize for interrupting, but I am trying to get notes on what you say. You say if you put in 29 million for Area 1 instead of 13 or 14.7 and you add 16 million for the north half of P-1 ---

MR. ROETHEL: Eight million for the north half.

THE CHAIRMAN: That gives 107 million plus?

MR. ROETHEL: Yes.

THE CHAIRMAN: From Alberta?

MR. ROETHEL: From Alberta alone, yes, that is correct.

THE CHAIRMAN: Now, you are going into the timber which may be north of Alberta?

MR. ROETHEL: I would like to mention that while it was fair to include of course the whole park in these calculations, the whole park is 50 million, I think it would be fair to include some of this timber as well, and I would estimate it as 8 million to 10 million, so it would be 115 in total.

THE CHAIRMAN: You get a total of 113 million?

MR. ROETHEL: Yes. This would be all the same, this connection. Mr. Fouks has something to say.

THE CHAIRMAN: I would like to ask you a question. That is what you have to say about sawlogs?

MR. ROETHEL: Sawlogs.

COMMISSIONER GAINER: Just as a matter of



clarification, in your derivation of the 107, that includes two areas -- I forget the numbers -- east of Peace River?

MR. ROETHEL: This includes one area -- let us put it this way: this includes this whole area, which is 10, and includes one-third of this total which has been given us by the Alberta Forest Service. From the beginning the line was originally up here and then went this way, so we have taken into consideration Area 4.

COMMISSIONER GAINER: What about the two areas just north of Peace River Town, Areas 2 and 3?

MR. ROETHEL: I forgot to mention, Area 2 did not show any annual log cut, according to the figures, and Area 3 we included as well as stated in the -- that is included, and I forgot to mention others. We could not see the point. I think probably Mr. Denney will back me up on this. We could not see the point in showing or including the area, all the areas across the river. If you started going into the details as to how deep is the river and how accessible and how deep is the valley, and so on, then you would probably say this is not accessible at all. We included these in our calculation the same as the other side.

COMMISSIONER GAINER: There is a matter of practice in treatment of annual allowable cut -- it only takes in the area 3 because there is no annual allowable cut on Area 2.



MR. ROETHEL: Yes, if there would be some on 2 north of the line I have drawn we would have used it as well.

THE CHAIRMAN: I can see where the areas are marked. You are calculating that all Areas 4 and 5 should go west rather than east?

MR. ROETHEL: Yes, sir. It would probably be easier to explain it on this map.

THE CHAIRMAN: What are you showing me now?

MR. ROETHEL: It is the same map only smaller.

MR. FOUKS: It is a copy of a map sent to us.

THE CHAIRMAN: What exhibit is it?

MR. FOUKS: I have not had it marked.

THE CHAIRMAN: We will mark it as an exhibit. Now, Areas 4 and 5, what did you do with them?

MR. ROETHEL: It was taken by the Alberta Government at the beginning and was ---

THE CHAIRMAN: Area 4 -- we are going ---

MR. ROETHEL: The western part and Area 5 come from the Alberta Forest Service to the west route and the slope is going this way so we use it in our calculations, so it was this one. As I said, this Area 2, which does not show an allowable cut -- I did not use it, but I certainly used this part of it.

THE CHAIRMAN: Now about Area 5, understanding what the people in the office of the Alberta Forestry Division have said, does it not look as though some of that is closer to the eastern route,



the proposed eastern route?

MR. ROETHEL: If you take it this way, maybe yes, but I think probably you could not do it crossing the river here. They would probably have to go up this way.

COMMISSIONER GAINER: Would they not be rafted out?

MR. ROETHEL: That is something of a question which could probably be clarified. It is something I do not know. It may be it could be rafted through here, in which case Mr. Grimbble would be right, but ---

COMMISSIONER GAINER: Did anybody offer any information on crossing here?

MR. ROETHEL: No. As I said, we just had a half hour and could not get any information on it.

MR. DENNEY: It is probably an assumption.

MR. ROETHEL: It is something that they make up themselves, and they must know why because they put quite a consideration into the picture because they told me ---

COMMISSIONER GAINER: The question is really, it certainly would not be tributary to this area but what I would be interested in, and what we will have to find out, is whether they define the whole route which may become tributary or whether they define it as being tributary to the old extension.

COMMISSIONER THOMSON: Do they consider this tributary to the old route across the river?



MR. ROETHEL: Yes, as compared to the east route. That is why we felt it fair to calculate it with the rest.

MR. DENNEY: This does not have an alternative haul.

COMMISSIONER THOMSON: It would limit you to the four months' season.

MR. DENNEY: This would have to be logged in conjunction with some of the other areas, which would be year-round operations. We have operations where we do have to get certain parts out in the winter time because they are behind muskeg and things like that, and then we log closer to the river on a year-round basis where it is easier to get at it. That is the way this would have to be handled.

THE CHAIRMAN: To keep the record straight, I wonder if we could make a few comments here. Mr. Thomson, you referred to areas of 3, 4 and 5 in the east route as being in the area tributary to the eastern route, and Mr. Denney has pointed out all of those would have to be logged in the winter time in conjunction with operations to be carried out on the west side of the Athabasca river.

MR. DENNEY: Yes, and that would be the same over here on the west because there is a lot of this behind the muskeg and that would have to be seasonal as well.

THE CHAIRMAN: Mr. Roethel is including the



area north of P-4.

MR. ROETHEL: It should be Area 3.

THE CHAIRMAN: Mr. Roethel feels that Area 3 on the west side should be added to the proposed western area because it lies on the east side of the Peace river just as Areas 3, 4 and 5 on the east side are added to the easterly?

MR. ROETHEL: Yes.

COMMISSIONER GAINER: You say because it lies on the west side of the river?

THE CHAIRMAN: Although it lies on the east side.

COMMISSIONER THOMSON: That is a four months' logging operation. You can log all year round there in Area 3?

MR. DENNEY: Yes, I think so.



COMMISSIONER THOMSON: That wouldn't be a four-month seasonal logging.

MR. GRIMBLE: This north part of area 3 is cultivated. The southern part is where the timber is, and this is now logged into Peace River, and this accounts for their shipments. The ridge of the hill is the timbered area. Those rivers flowing north flow out of the hills, and to the north there is muskeg and flats, and the logging is all down the hill and on the southern half of area 3. They now log that area and haul into the southern half of Peace River Town, and it is not much greater into Peace River Town than crossing the river.

THE CHAIRMAN: What you have been referring to, Mr. Grimble, is area 3 which is lying east of Peace River.

MR. GRIMBLE: And also area 2. Area 2 and area 3 are in the same category, and the distance to Peace River Town is not a great deal greater; even to Peace River Town is not much greater than crossing the river, to the valley.

MR. FOUKS: On the same principle, what is being cut in the Wood Buffalo Park is now included in the annual allowable cut.

MR. ROETHEL: The main thing was to decide what should be included in our own calculation was the area. This is what we tried to do.

MR. DENNEY: In general, we figured that



anything that was really served by a railroad at the present time should be eliminated from the present calculation figures. As a matter of fact, if we went far on this side of this river, as it does here, we could have taken in Saskatchewan.

MR. FOUKS: And you have, by logic, deducted those items from the volume on the eastern route which wouldn't have gone by rail.

MR. DENNEY: Anything that would have gone by rail should be eliminated.

MR. FOUKS: There is rail service into the city.

MR. DENNEY: There isn't any rail service there. It has been figured in all these calculations.

MR. BISHOP: For the purposes of estimating traffic.

MR. FOUKS: I am just getting back to the annual allowable cut. It was not for the annual allowable cut.

THE CHAIRMAN: The problems of accessibility of lumber on both sides of the province is relatively the same, is it?

MR. ROETHEL: No, I wouldn't say so. The accessibility is much better in the west, as stated by the Alberta Service.

THE CHAIRMAN: Is that Mr. Loomis?

MR. ROETHEL: Yes, Mr. Loomis.

MR. GRIMBLE: My own personal opinion and



Mr. Steele's opinion is that most of the operations in this country away from the railway locations on both routes will be a combination of winter and summer operation. It will go across there and haul into the line.

THE CHAIRMAN: In any event, you two gentlemen are relying for your information on people in the Alberta office, are you not? Is that right, Mr. Grimble?

MR. GRIMBLE: Yes, sir.

MR. ROETHEL: Yes. I went over the maps and the aerial photographs, and this picture looks much worse than in the east.

THE CHAIRMAN: Am I right in saying that you are both relying for your information on what Mr. Loomis and Mr. Steele told you?

MR. ROETHEL: Partly, yes.

MR. GRIMBLE: Any operator will tell you that this would be a winter operation, both areas. If you were going to go this far away from the railway track, it would be a winter operation. Here is a typical map of this area. The black is the muskeg.

COMMISSIONER THOMSON: Is it muskeg or marsh?

MR. GRIMBLE: It is right there, in P-5. It is pretty close to civilization, and it is one of the largest muskegs in the North American continent.

MR. ROETHEL: The muskeg is definitely more on the east side.



MR. DENNEY: We are very familiar with what is going on in there. We have brought between 35 and 40 rafts of logs down the river already, and, talking to Mr. Steele, I don't think there is very much consideration been given to that river as a means of transportation until we went in and found it usable. We are roughly half of the distance or approximately half of the distance from the junction of the river here at the present time, and as far as logging this timber here and here and these areas in here, there is no cheaper way to log it than moving it down the river. Apart from having a rail service in here, the money spent in moving by barge could be spent in moving it on the river and this timber is moving downstream.

THE CHAIRMAN: You are referring to areas 4 and 5 north and south of Peace River.

MR. DENNEY: Yes. As far as that goes, even on an overland haul basis, these two areas are just as close to the area here as they would be here, and I don't think, by any stretch of imagination, the area here could be included for the western railroad.

COMMISSIONER GAINER: When you say you are rafting it down, you mean you put your logs into booms and raft it down by power?

MR. DENNEY: Yes. We have a five or six miles an hour available current, and we have tugs that are powered with diesels and they are working out very satisfactorily. The logs are put in the water and



the boom chains are fixed on the bank with three-inch holes, and you tow or guide them down to the mill and then take the boom chains out.

THE CHAIRMAN: Can we mark that map as an exhibit?

MR. ROETHEL: I have put my scribbles on, but it is all right.

THE CHAIRMAN: Is there so much scribbling on it that - -

MR. ROETHEL: If I don't have to come back, I can visit.

THE CHAIRMAN: Have you anything else to say, Mr. Roethel, about the evidence? You have been dealing with sawlogs, haven't you?

MR. ROETHEL: I have been dealing with sawlogs, and I mentioned before in the hearings that we didn't deal with pulpwood. I just made that observation that, even according to Mr. Grimble, there is more pulpwood in the west, but we don't see any future for pulp mills.

If I may say a few words about pulp markets. I just happened to work on this thing in British Columbia. It is all right, as Mr. Grimble states, that the pulp market now is not too rosy, but a forecast in calculations points to an improvement within three years, and this explains the high activity of promoters and surveyors and forest consultants which plan future pulp mills all over the North American



continent. So there will be definitely more saw mills within the next five to ten years in the west.

THE CHAIRMAN: How many are there likely to be in British Columbia?

MR. ROETHEL: A fair question. There will be, according to our forecast, at least three within the next five years.

THE CHAIRMAN: Would you expect as many in Alberta in the next five years as in British Columbia?

MR. ROETHEL: Of course, I didn't know as much about Alberta as British Columbia, but - no, actually not, not within five years.

COMMISSIONER THOMSON: I would like to ask the same question now that you asked Mr. Grimble. This doesn't have to be exact, just rough figures. What do you expect the tonnage on the east route to be in lumber, timber products alone?

MR. ROETHEL: I think Mr. Guest will answer this question.

COMMISSIONER THOMSON: Mr. Grimble gave us a figure of 20,000 tons.

MR. GUEST: Mr. Chairman, we have estimated that on either route the annual allowable cut within a period of ten years - -

COMMISSIONER THOMSON: I don't want to get into that date. What is approximately, the present figure, of the annual tonnage coming out on the railway if it was built east?



MR. GUEST: On the basis of current production?

COMMISSIONER THOMSON: Yes.

MR. GUEST: Well, on the basis of current production figures as per the estimates for 1959, and depending on what we designate, for example, on the west route as to what lumber is tributary to the west route, there has been some argument about it and I don't think it has been fully cleared up yet, and on the basis I understand there is some 4 million feet on the west route goes north at the present time. Now, if there was a railway, whether that would continue to go north or south, I don't know, but I would assume that it would be in the order of 20 million feet.

COMMISSIONER THOMSON: Which would be 20,000 tons, approximately.

MR. GUEST: On the basis of a ton for a thousand feet.

COMMISSIONER THOMSON: You are talking about the east or west route?

MR. GUEST: The west route.

COMMISSIONER THOMSON: What about the east route? What is the figure for the east route, on the same basis?

MR. GUEST: If Mr. Denny knows how much he sells up north, and Mr. Swanson, and subtracting the Eldorado operation, the present production would come south. Now, current production this year I



I think that on that basis, and if Mr. Denney produces 20 million, I do not think there would be much difference between the two as far as production is concerned next year.

THE CHAIRMAN: It seems to me ~~it is~~ awfully difficult to make a comparison because on the west route we have no rails that have just been completed and just gone into operation as is the case in the east route. All you can do is calculate what you produced last year on the west route, and you point out to us that if you can estimate for next year we have to take into consideration the increase that has been talked about.

MR. GUEST: Yes. Well, the lumber market, of course, has got a lot to do with operations such as we are discussing, operations in which there is a very high transportation factor. Lumber operations which have to haul up to 200 miles by truck, or the distance that they have to haul by barge, are under a considerable penalty. Secondly, they are more susceptible to market fluctuations than other operators who have not got this cost. In 1959 the lumber market has been very good, but what the lumber market will be in 1960 I do not know. The trend certainly is going to go up. I do not see any indication that the lumber market is going to go any place else but up. This has definitely been the trend, and I am quite confident it is going to



think is estimated in the order, ignoring the Eldorado operation, of 112 million feet, isn't it, Mr. Denney?

MR. DENNEY: That is correct, but that isn't the true picture, because Swanson's mill and our mill are new mills and just went into production at the beginning of the season.

MR. GUEST: I understand that, but Mr. Thomson asked on the basis of present production. I would assume that, subtracting the amount which goes north - -

THE CHAIRMAN: We get one on the basis of production presently and one on the basis of production as it will be, without the railway, but with the new mills.

MR. GUEST: If Mr. Denney is going to produce 20 million feet next year, I assume that most of that will come south, and if Mr. Swanson is going to produce 10 million feet, I assume half will go north and half south. So if there is 30 million between the two operations, probably 25 million would come south by barge. That is depending on what the production on the western route is next year. We have estimates of 30 million feet, 25 and 30 million feet this year. Now, whether these estimates are completely valid - we have still got to get further evidence, but if we are able to produce on the western route, the operators on the western route are able to produce 30 to 35 million next year, I assume the bulk of it would go by rail.



continue.

MR. FOUKS: If I remember Mr. Swanson's evidence, he was not producing to capacity of his present mills even today.

THE CHAIRMAN: No. It is awfully hard to calculate. He is not producing to capacity today and the suggestion is he may not produce anything at all next year.

MR. FOUKS: That is right, Mr. Chairman.

THE CHAIRMAN: With the present situation he does not know whether it is worthwhile to continue.

MR. FOUKS: That is why the figures are really conjecture.

MR. DENNEY: I might comment on this lumber marketing a little bit. This is something that is up and down more than the water in the Peace River. The lumber market was very good this year up until about six weeks ago, and then we were faced with this steel strike in the United States. Since that time the market has softened a great deal and the spruce market now is around \$54 to \$56 and that is down some \$8 to \$10 to what it was earlier in the year. I think Swanson, if we not get some improvement in the coming spring, it may be necessary for them to shut down.

THE CHAIRMAN: Anything else, Mr. Fouks?

MR. FOUKS: No. I have only one comment to make. Actually this is unnecessary at this point



because I believe you made it when you were over by the box. The figures that have been obtained by both the Edmonton Chamber of Commerce and the British Columbia Government have actually been obtained from the same people, the Alberta Forest Service. Referring to Mr. Taylor's remarks, he comes to the conclusion specifically that the western route is better potentially than the eastern route, considering that we prepared our brief earlier and very often you have new figures, and the fact that some of Mr. Grimble's figures may have changed -- I would like to suggest, and I am sure the Commission will probably do this, but just for clarification purposes perhaps the Forestry Service people themselves ought to be called upon. It is a question of manipulation of both figures and areas.

THE CHAIRMAN: We will give consideration to what you have suggested. I am sorry that if they do come here Mr. Roethel will not be here, but I think by this time, Mr. Fouks, you have a fairly good education in lumber and can handle it reasonably well.

MR. FOUKS: I will build a brick house, if that is what you mean.

THE CHAIRMAN: Is this a convenient time to adjourn? We have covered the question of timber as far as your brief is concerned, have we not, Mr. Bishop?

MR. BISHOP: Would we be permitted to



comment tomorrow on what Mr. Roethel has said?

THE CHAIRMAN: Well, why not do it now?

MR. BISHOP: Have you the time?

THE CHAIRMAN: Oh, yes. There was some question about this figure 13, and the only difference I can see between what you have received from the Forestry Department to-day and what I received last week is the fact that they have not understood P-1 and P-2 have been excluded from this area. Therefore, this figure 13 -- they probably would not arrive at the 13 million board feet unless they excluded P-1 and P-2.

MR. ROETHEL: May I say something? I know the answer to this. I explained to them that you excluded P-1 and P-2 and on top of this they gave me the figure of 29.

MR. GRIMBLE: Did they use MacGregor's figures?

MR. ROETHEL: They used MacGregor's figures but they revised his figure on the fire, which are not included in the report. About this fire, it is probably a little misleading if the whole area is blacked in -- a dark future like it is here, because the fire in 1950 was about this size, but meanwhile some regeneration has come on because there are lots of pine and spruce which regenerates soon. However, in the 1958 fire there is a little tiny dot down here.

MR. GRIMBLE: It runs into a lot of board



feet.

MR. ROETHEL: Yes, but if there was a black dot this size it would probably give you a more realistic picture because it is now eight or ten years.

COMMISSIONER GAINER: What is the figure you quoted excluding P-1, P-2 and burn?

MR. ROETHEL: Twenty-nine.

COMMISSIONER GAINER: Against 13?

MR. ROETHEL: Yes.

MR. GRIMBLE: There is another feature to this: we, for convenience in arithmetic, included all the fire in Area 1, just for simplicity, because the boundary of the forest, the fire -- they have not divided the fire into Areas 1 and 8, so we have a figure for the total fire loss practically all from Area 1. We really could have subtracted some from Area 8 and some from Area 1, but if we are going to come to a total such as this then immediately whether we take it from Area 1 or Area 8, it makes no difference. They only took it from Area 1 as a matter of convenience.

MR. ROETHEL: According to my notes here, which you probably will check over with the Foresters who appear, they told me they have not given P-8 anything at all on an allowed cut, so it is not affected by your fire or by anything else that you mention.

MR. GRIMBLE: We took the total fire loss,



which included part of P-8, two-thirds of P-9, which are in Area 8, but we took the total fire loss and subtracted even though a good deal of it was in P-8 and a good deal in P-9; we only had the figure for the total fire loss.

MR. ROETHEL: But you did not deduct anything from P-8. This was not necessary because the Forest Service did not give me anything on P-8.

MR. GRIMBLE: The total fire loss we had included a portion of P-9 and P-8.

MR. ROETHEL: I am talking only about allowable cut which is left after the fire.

COMMISSIONER GAINER: What I am saying now is, are you sure the new figure would not be something -- well, they were higher on Area 1, are you sure they were not low on Area 8 which is specified here as 24? Might the new figure be lower, taking account of the burn that has been allocated to Area 8?

MR. ROETHEL: It is up to you to check it.

COMMISSIONER GAINER: You did not ask about that?

MR. ROETHEL: There was a question about this area 1 and there seemed to be some trouble areas. He said they had had some fires and so they revised it according to their latest information on hand. By the way, he had given to someone some lower figures that they did not have by this time.

COMMISSIONER GAINER: But you are not sure



whether some readjustment was to be made to Area 8?

MR. ROETHEL: I do not think it has been made. I think it is just in the process. I do not think there has been any change in other areas.

COMMISSIONER GAINER: You did not check on that?

MR. FOUKS: Did you say Area 8 or P-8?

COMMISSIONER GAINER: It is the area that is the ---

MR. FOUKS: This map is the one received from the Chamber of Commerce. I am suggesting that while it has not been checked, and we could not do so, there was no discussion on Area 8 because it did not apply, and we were looking at P-5 and P-7.

MR. ROETHEL: It was just talked about, this Area 1, which has been revised due to heavy fires.

MR. GRIMBLE: The loss was half P-8 and two-thirds of P-9 which are in Area 8.

MR. FOUKS: Then why did you mark it across Area 1?

MR. GRIMBLE: It is a boundary between Area 1 and Area 8. It straddles the boundary between those two. This is Area 8, and we have 24 here, and the fire loss extends, it straddles the boundary between Area 1 and Area 8, but we took the total fire loss and put it in Area 1, for convenience.

COMMISSIONER GAINER: The boundary runs



down this river?

MR. GRIMBLE: Down this jagged line.

THE CHAIRMAN: And it was 24 and you left it at 24?

MR. GRIMBLE: Yes. I think we realized this should be lower because a lot of the fire loss was in Area 8, but we put it all in Area 1.

THE CHAIRMAN: You are leaving Area 1 at 13?

MR. GRIMBLE: Our figure should be lower, 24 should be lower and 13 should be higher. I understand it was only a matter of arithmetic why we put this whole fireloss into Area 1.

THE CHAIRMAN: And you have no figures for Area 8?

MR. ROETHEL: No revised ones, but it shows here where the map is red, and does not show too much.

MR. GRIMBLE: Half of P-8, and we have an inventory for that.

MR. ROETHEL: The area comes down this way.

COMMISSIONER GAINER: Yes, that is the boundary.

THE CHAIRMAN: The area of the fire loss appears to be almost as much in Area 8 as in Area 1, although Mr. Grimble calculates them all on Area 1.

MR. ROETHEL: May I suggest if anything comes out this will be against you because they told me the fires, according to the new information they have, they have better control of fires than they



had in the past. They were unable to give this information to Mr. Grimble, so if this area is improved this area will be improved too.

THE CHAIRMAN: We are only arguing about what the people in the Alberta office said?

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: The suggestion being there might be a new figure here?

MR. GRIMBLE: Actually the Alberta Forestry Department are revising all the figures, but they have not completed it. The only complete statement is in the MacGregor Report and anything they revise will be consistently revised up or down from the MacGregor Report. Actually their fire loss experience is less than they anticipated, so all these figures will be revised upwards, but they will be consistent. What Mr. Roethel has now is in one area, and if he wants to do that he can, but why not finish the whole business and revise them all upwards? Those are the factors and you have the fire loss figures used in the MacGregor Report and they are conservative, but they are revising them all upwards. However, we cannot set one on this new basis without giving them for the whole area.

THE CHAIRMAN: You are suggesting if we take the revised figures the revised figures will increase the estimates of timber in both the east and west?



MR. ROETHEL: It would be perfectly all right.

THE CHAIRMAN: In any event, the thing for us to do is to get in touch with those gentlemen and see what the up-to-date information is and get them to clear away the inconsistencies that have appeared this afternoon.

MR. GRIMBLE: I think a point of consideration is to determine the areas tributary to each route, and this is a matter for the Forestry Department to decide. This is one of the basic disagreements and differences here, and I would like to touch quickly on these features.

Areas 5 and 4, as Mr. Denney pointed out, the major part of the timber resources are adjacent to the river. If the railway was to go the eastern route this would be logged to the river and because of this can be considered tributary to the eastern route. If the railway went the other way, of course, a portion of this would be logged this way, and I think it is only reasonable that these two areas should be considered equally on either side. I think it is quite a reasonable approach. As Mr. Denney said, if the railway was here and the mill was established at Peace River Crossing they could log down the river and up to rail.

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This is quite a logical approach to these areas 5 and 4, to split them either way. In fact, I would like to go back and deal with P-1 and P-2. We have found from sawlog shipments of the past four years that a good portion of P-1 - in fact, it looks as though all of P-1 and P-2 are now moving into Hines Creek, on the basis of the discrepancy of what has been shipped out of Grimshaw and what has been cut north of Grimshaw. Most of P-1 and P-2 must be going from Hines Creek. There were twice as many car loads shipped out of Hines Creek than there were out of Grimshaw in 1958. It was 561 in the calendar year 1959 and 275 from Grimshaw in the same calendar year. That is the calendar year, not the forestry year, and this time 59 cars were shipped out of Peace River, indicating that area 2 and the south half of area 3, which is where the timber is, plus this area, of course, adjacent to Peace River Town, is now being trucked to Peace River for shipment.

We might go now to the eastern route and deal with area 1. We have omitted the area 1 north of McMurray which could be considered as tributary to the existing railway at Waterways and, consequently, this area has been taken out.

There was only one other thing, and I wasn't following too closely when they mentioned the timber in Wood Buffalo Park. The inventory we have of the Wood Buffalo Park timber just deals with the



area we gave the inventories on.

THE CHAIRMAN: I think it was just this, that we were calculating the amount of timber in Wood Buffalo Park and assuming all along, were we not, that that was tributary to the eastern route, and I think Mr. Roethel said that if you were going to consider any area as tributary to the eastern route you should look at the area that is tributary to the western route. The northwest part of Wood Buffalo Park - some of it is closer to the proposed western route than it is to the proposed eastern route, isn't it? We really don't know much about that.

MR. GRIMBLE: It hasn't been dealt with at all.

THE CHAIRMAN: Does that conclude the afternoon sitting?

We will adjourn, then, till ten o'clock tomorrow morning, and tomorrow morning we will be back in Court Room number 8, I understand.

--- Adjournment.

